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War and Diplomacy in Eastern Asia

By

CLAUDE A. BUSS

Professor of International Relations,
The University of Southern California
Former American Foreign Service Officer

and

Executive Assistant to the High Commissioner
of the Philippine Islands

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1941

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PREFACE

This book is an analysis of the contemporary political situation in Eastern Asia. It emphasizes the diplomatic and economic struggles for gold and glory during the past century, and shows how the clash of irresistible forces and immovable obstacles gave rise to the confusion and chaos of the present scene.

While China strove to adapt its gigantic hulk to the swiftly-moving events of the modern world, Japan worked feverishly to guarantee forever the position of dominance which it had achieved in its own immediate geographic area. The two nations locked in combat: China was weak in terms of present strength, but strong in the promise of future greatness; Japan was mighty in the language of militarism, but uncertain with regard to continued grandeur. War seemed the only method by which Japan could retain political leadership in Eastern Asia, and destroy the Chinese challenge which loomed up beyond the horizon of the Yellow Sea.

The United Kingdom, the United States, France, Germany, and the Soviet Union—those nations which too are called great in the vocabulary of politics—were obliged to look to their imperial positions. They recoiled gradually before the counter-attacks of the Chinese against their unequal privileges. They endeavored to conciliate or "appease" Japan. Then, in desperation, they were forced to choose between headlong flight and actual war. They meant to preserve the strategic, territorial, and economic interests which they had accumulated through the years, and their major preoccupation was to discover and assert the adequate means.

The politics of national interests usually imply a meanness of outlook and a narrowness of vision. But the nation which rides roughshod over the rights of others, or gives no consideration to counterclaims of opponents, is digging its own political grave. Its friends are of the sunny weather variety, and its enemies are most bitter when crises approach. The interest of "good will" is as vital to governments as it is to business men.

The chaos which obtains in Eastern Asia—the rivalry, calumny, hatred and quasi-war—derives precisely from statesmen's neglect to cultivate affairs of the spirit while blindly pursuing the chimera of power, prestige, and profit. The only hope of peace, with mutual prosperity, lies in the wholesale abandonment of past misdeeds, and in the substitution of a sense of international obligation for false concepts of national honor. When nations think of obligations as well as rights, when they recognize the puny advantages of selfish interests as compared with a fundamental system of international law, only then will the jumbled mess in Eastern Asia resolve itself into a well defined, well ordered picture of peace and cooperation. No nation is completely guiltless, none is wholly at fault. When praise and blame are allocated for contemporary conditions, a sizable share of both parks indiscriminately on everybody's national doorstep.

The writer has spent many years and covered many miles in the preparation of the material which follows. It was his good fortune to be introduced to the affairs of the Orient by Mr. Roland S. Morris, of Philadelphia, a former American ambassador to Japan. After five years of thumbing the dusty documents in the Library of the University of Pennsylvania, and after another year of browsing through Orientalia in France and Germany, he entered the Foreign Service of the American Government. One long enjoyable appointment to Peking provided the unrivalled opportunity of studying the language, the ways and the customs of the Chinese at home.

A subsequent period in the American Legation at Nanking converted those earlier academic impressions into the realities of current diplomacy.

Since 1934, the author has been Professor of International Relations at the University of Southern California. Summer vacations brought experiences in Moscow preparing the chapter on the Soviet Union, in Nanking in 1937 as a special correspondent for the Associated Press, and in London and in Berlin until the very eve of the outbreak of the war in Europe. These vantage points contributed unique and varying slants to the interpretation of a constantly changing unending panorama. In 1941 he was granted leave of absence to become Executive Assistant to the High Commissioner of the Philippine Islands. He had completed the manuscript before leaving for Manila. Therefore no one in the office of the High Commissioner, or in any other branch of Government Service, is in any way responsible for the ideas expressed.

"War and Diplomacy in Eastern Asia" makes no pretense at perfection. It attempts an accurate, clear exposition of the conflicts of national interests, with appropriate emphasis on the historical background which explains "how they got that way." No one but the author is responsible for his mistakes.

It is a genuine pleasure to acknowledge the inspiration and the encouragement which have been received from Dr. James T. Young, Mr. Roland S. Morris, and Dr. Ernest M. Patterson at the University of Pennsylvania; from Dean John Hervey of the Temple University Law School; from Dr. James Brown Scott and Mr. George Finch at the Carnegie Endowment for International Peace; from Dr. Stanley K. Hornbeck and Mr. Maxwell Hamilton of the Far Eastern Division at the Department of State; from Mr. Willys R. Peck, Robert Smyth, Tom Wailes, Edmund Clubb and John Carter Vincent in the Legation at Nanking (just about the finest colleagues a man ever had); from Dr. Arthur G. Coons, Dr. Charles E. Martin, Dr. John Pfiffner, Dr. George Taylor, and Mr. Warren Scott on

the Pacific Coast; and particularly from Dean Raubenheimer and President Rufus B. von Kleinsmid, at the University of Southern California.

Finally, there are untold obligations to hundreds of students and lecture audiences whose friendly criticisms have determined the nature and extent of this modest effort to enlighten public opinion in its tremendous tasks of understanding, guiding and supporting policies which lead to war or peace.

Los Angeles,
March 1, 1941.

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Part One

THE INTERESTS AND POLICIES OF JAPAN AND CHINA

CHAPTER ONE

China and the Powers before 1931

THE "MIDDLE KINGDOM," they call it in China, because their native land is the center of everything worth knowing and doing. It is the "Celestial Empire which possesses all things in prolific abundance, and lacks no product within its own borders." It is the land of plenty, where poverty is always just around the corner; it is the land of peace, where wars abound; and it is the land of freedom, where the worst tyrant is no farther away than the nearest tax-collector. But no matter these contradictions, because the gods are good. They have bestowed upon four hundred millions of people an absolute confidence that theirs is the best and, in fact, the only Way of Life.

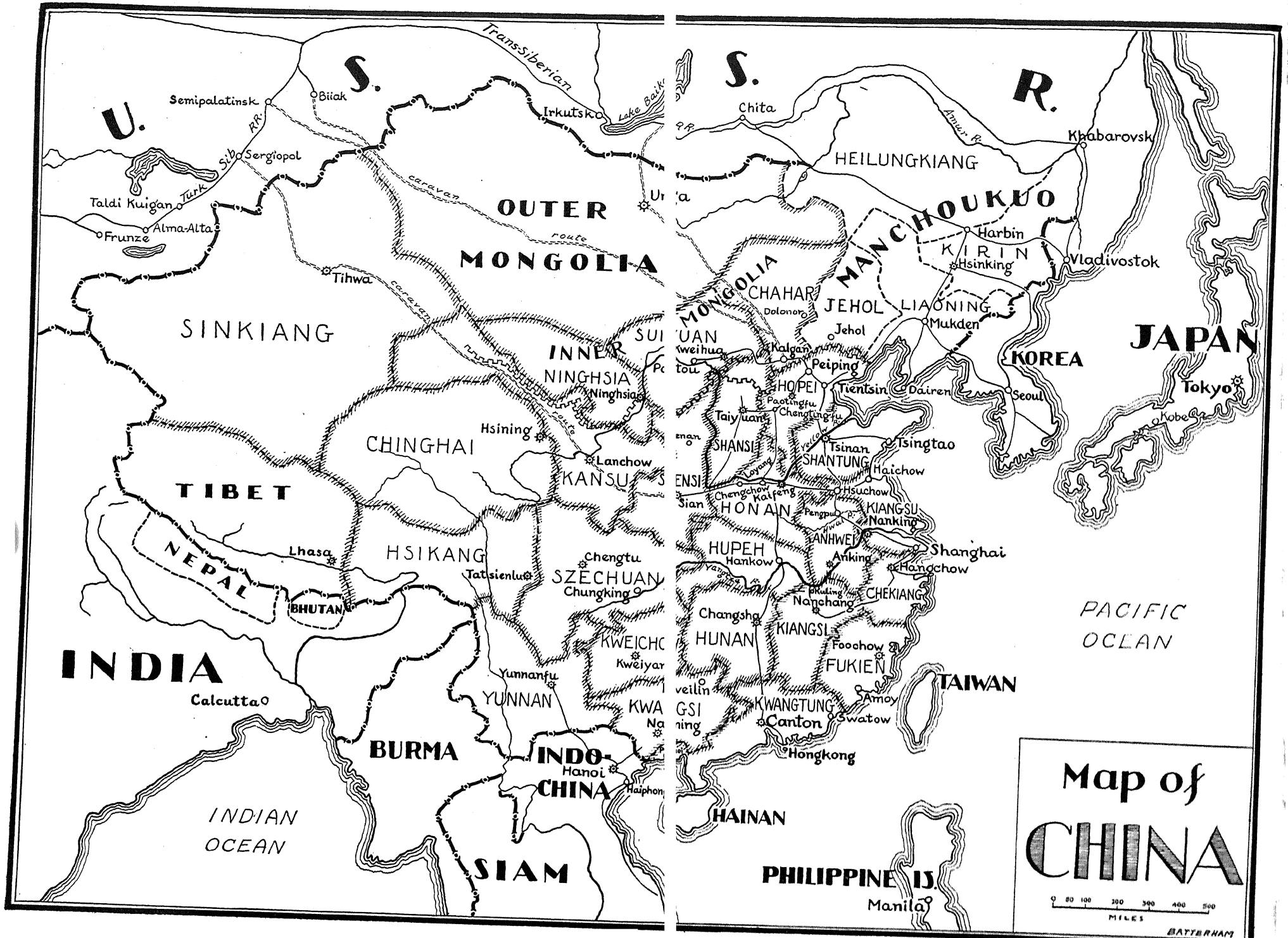
Their spiritual poise has been but slightly perturbed by the unhappy necessity of diluting Confucius with Western concepts of abstract wealth and national power. Old China might have been content to "smile and sip its tea" except for restless, ambitious neighbors who brought an entirely different world to the Middle Kingdom. More than a hundred years ago, British and Yankee traders brought into China cargoes of ginseng, sandalwood and furs, opium and Mexican dollars. They sailed away in clippers laden with treasures of tea and silk. Grizzled old sea captains, Massachusetts merchant princes, adventuresome young super-cargoes and just ordinary sailors

dreamed dreams of huge fortunes which could be amassed if every Chinese city were as accessible as Canton, and if Western wares could be marketed in every nook and cranny of the wealthy empire.

Wily Chinese mandarins enjoyed their share of the profits. But in spite of commercial gain they could never eradicate their contempt for the cultural inferiority of the foreign redhead, nor their apprehension about his political ambitions. They tolerated his commerce but they limited his political freedom of action. They restricted his right of entry into China to the single southern city of Canton. They forced him to deal exclusively with Chinese buying and selling monopolies which dictated prices, tariffs, and terms of trade which the traffic would bear. The Chinese extended to the "man from the outside country" none of the accoutrements of legal and political protection which he had learned to expect as a matter of course in his trade with his fellow-Europeans.

Ordinary arguments about trade restrictions, and incidentally opium, between individual Chinese and foreign business men involved the governments as champions of their respective nationals. In 1842, political arguments blazed into wars, and unequal wars resulted in unequal treaties of peace. The victorious Powers swung the pendulum of inequality to the other extreme. They demanded as spoils of victory indemnities in cash, slices of Chinese territory, and as many political privileges as their imperialistic pincers were able to extract. No one nation was much worse than any other in its treatment of China. England usually was first in war and first in peace, but the others followed in the British wake with their "most favored nation" treaties. This means that the United States, France, and the lesser lights demanded and received from China every right and privilege originally extended to England or any other "favored nation."

This early intercourse between China and the Occident


U. S. S. R.
Trans-Siberian
Semipalatinsk
Biiak
Irkutsk
Lake Baikal
Chita
Amur R.
Khabarovsk
HEILUNGKIANG
Sib. R.
Sergiopol
Taldi Kuigan
Turk. R.
Alma-Alta
Frunze
caravan route
OUTER MONGOLIA
MANCHOUKUO
Harbin
KIRIN
Hsinking
Vladivostok
Tihwa
caravan route
SINKIANG
INNER MONGOLIA
CHAHAR
Dolonor
JEHOL
LIAONING
Mukden
Jehol
Kalgan
Peiping
Tientsin
Dairen
KOREA
Seoul
JAPAN
Tokyo
Kobe
HOPEI
Paotingfu
Chengting fu
Taiyuan
NINGHSIA
Ninghsia
Hsining
CHINGHAI
Lanchow
KANSU
SHANSI
Tsinan
Tsingtao
SHANTUNG
Haichow
Loyang
Hsuchow
Chengchow
Kaifeng
HONAN
Sian
Pengpu
KIANG-SU
Nanking
ANHWEI
Shanghai
Anking
Hankow
HUPEH
Hangchow
Yangtze R.
Kiukiang
Nanchang
CHEKIANG
TIBET
NEPAL
Lhasa
BHUTAN
HSIKANG
Tatsienlu
Chengtu
SZECHUAN
Chungking
Changsha
HUNAN
KIANGSI
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Canton
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INDIA
Calcutta
BURMA
INDO-CHINA
Hanoi
Haiphong
INDIAN OCEAN
SIAM
HAINAN
PACIFIC OCEAN
PHILIPPINE IS.
Manila
Map of
CHINA
0 50 100 200 300 400 500
MILES
BATTERHAM

has flavored bitterly the Chinese interpretation of its position in the contemporary world. During the nineteenth century most Chinese knew nothing about the conflict between the desires of Chinese officialdom and Western traders. And those Chinese who appreciated the divergencies in outlook admitted the reasonableness of the commercial regulations, but they hated the system by which the regulations were imposed. They particularly condemned the extraneous political concessions obtained in the guise of commercial protection. Modern Chinese, in reviewing the results of more than a century of contact with the Western State system, minimize its positive contributions to China and emphasize its indignities and violations of China's national sovereignty.

SUCCESSIVE LOSSES OF SOVEREIGNTY

These losses of sovereignty refer primarily to territories which have been snatched from China and have been incorporated legally into the colonial systems of England, France, Japan and the Soviet Union. Hongkong did not amount to much when it was ceded to the British in 1843 but, thanks to British money and British effort, it has grown to be one of the richest ports in the world. The Chinese forget the poverty of the barren rock of a century ago and think how nice it would be to recover the palatial homes on the "Peak" and to gain political control of the thousands of Chinese and foreigners alike who live, work and prosper in this British outpost.

The same feeling applies to Indo-China, Korea, Formosa, Mongolia and Manchoukuo. The Chinese remember that *force majeure*, wielded on a flimsy pretext, wrested Annam, Tonkin, Cambodia, and the other provinces of Indo-China away from the feeble control of an effete Manchu regime. They think that the naval base at Camranh, the rice markets of Saïgon, the railway to Yünnanfu, the library at Hanoï, and the thousands of Annamite colonials who fight the battles of

France in the Far East would rightfully belong to China were it not for the avarice of the French invader. The Chinese also insist that Korea and Formosa were surrendered to the treasure house of Japan by arbitrary legalization of diplomatic skullduggery, bribery, treason and unjustified war. For the time being, they are inclined to overlook the unobtrusive incorporation of Outer Mongolia, Tamn Tuva, and Sinkiang into the Soviet Union. But the Chinese have preferred to risk national extermination rather than submit to the most recent Japanese attempt to cut another steak from their body politic.

The Chinese recall with undisguised resentment the second series of violations of China's territorial sovereignty which was inaugurated just five years before the twentieth century began. Defeat by Japan exposed China in all her weakness, "a helpless giant totally incapable of defending herself against outside attacks." China was faced with the prospect of surrendering to Japan the Liaotung Peninsula, where were located Dairen—the future terminus of the South Manchurian Railway and the best warm-water port in northeastern Asia—and Port Arthur, the neighboring naval base which guards the entrance to the Gulf of Pechihli and the city of Peking. But it was no part of European diplomacy to watch Japan consume this particular plum. So, posing as friends of China and protesting a guardian's love for Chinese interests, Russia, Germany and France united to force Japan to curtail its demands for this luscious southern tip of Manchuria.

Within a year after this magnanimous restraint on behalf of China, the European powers presented their bills to China for services rendered, and the Peking government had no choice but to accept the accounts. Germany's *billet-doux* included the lease of Kiaochow with the rich port of Tsingtao and its surrounding territory, and a "sphere of interest" covering the whole of the sacred province of Shantung with its rich mining districts and opportunities for railway and factory developments. The Chinese retained the nominal sov-

ereignty but gave over the future administration and prosperity of the area completely to the Germans. German engineers flocked into Shantung, built their homes and clubs and churches in a style reminiscent of "das Vaterland." Very shortly German shipping lines dumped steel, concrete, and manufactured goods of every kind into the province of Shantung at rates with which other foreign nationals could not hope to compete.

The Russians followed suit in Manchuria. They invited Li Hung-chang, who had lost an eye when a Japanese assailant shot him during Sino-Japanese negotiations at Shimonoseki, to attend the coronation ceremonies for the Tsar. A delegation of welcome met Mr. Li at the Suez Canal, to make sure that no one else would talk to him en route to St. Petersburg. The Russians showered such entertainment upon the flabbergasted Chinese ambassador that it would have seemed like gross discourtesy to refuse their suggestions. Moreover, Mr. Li had no personal love for Japan. He felt that concessions to Russia would check Japanese continental designs. Therefore he consented to an alliance with Russia, to a grant for construction of the Chinese Eastern Railway—which was the spearhead of Russian penetration into Manchuria—and to the flotation of a loan, the security for which gave the Russians the first dip into the pocket of the Chinese Maritime Customs revenues.

Russia also inveigled the Chinese into surrendering a twenty-five-year lease (1898–1923) on Port Arthur and its surrounding territory, and the right of way for the Chinese Eastern Railway southwards to Dairen. Thus, the chivalrous Russians who had stood in the way of the Japanese, now demanded from China, as the price for protection, the surrender of exactly the same concessions which they had kept from Japan.

The Russians immediately plunged into the development of the strategic naval base at Port Arthur. They deepened the

harbor and built the docks at Dairen. They erected factories. They spent as much money on railways as they could borrow from their European allies, the French; and monopolized all the white-collar jobs which their penetration into Manchuria had involved. After-dinner conversations at Peking still glow with memories of the halcyon days in Harbin and Mukden when opulent Tsarist hosts regaled their guests with rivers of champagne served in goblets of gold. Those were the days before Japan amounted to a serious competitor in Southern Manchuria and when the Chinese were servants of the Russians instead of the Japanese.

After the Germans and the Russians had established precedence, the French minister obtained his pound of flesh by a ninety-nine-year lease of Kwangchowwan, a naval base on the southern coast of China, near the French possession of Indo-China. He obtained priority of economic rights—or a "sphere of interest," to use the technical term—in the southern Chinese provinces including Yünnan and Kwangtung. This means that the railways coming from Indo-China into China proper would depend upon French strategic desires and not upon China's economic needs and that Kwangsi and Kwangtung might be strangled except for the economic breath which France might choose to permit into these Chinese lungs. The French also got a promise that Hainan, the lush island in the South China Sea, would not be alienated to any other power. They thought that they were absolutely secure in this promise, until the Japanese ignored French-Chinese commitments and took over Hainan as a necessity of war.

Great Britain had remained in splendid isolation from the intrigues of Germany, France, and Russia against Japan, because Great Britain did not want to offend Japan and lose any portion of its precious trade. But Great Britain felt that "compensations" should be obtained from China in order to preserve the balance of power. Therefore it leased "Weihaiwei for as long a period as the Russians should occupy Port

Arthur"; it strengthened its position in South China by adding Kowloon, opposite Hongkong, to its particular sphere; and it established its predominance of interest in the Yangtze Valley.

What valuable "compensations" these turned out to be! Kowloon, on the mainland and at the terminal point of the direct railway from Canton, threatened to displace Hongkong as the trans-shipping point for South China. The sphere of interest in the Yangtze Valley grew into the richest prize that any Power could have wheedled out of China. Shanghai, Chinkiang, Nanking, Kiukiang and Hankow—cities which constitute the enonomic heart of modern China—are located along the Yangtze artery. They quickly assumed a predominant British cast. British strength in those cities primarily delayed Chinese efforts to recover these thriving commercial centers and to a secondary degree thwarted the militant Japanese effort to absorb them completely into their commercial orbit.

Russia, France, Germany and Great Britain entered into a series of inter-Power agreements which were intended to protect their reserved areas from trespass. Russia promised the other three to stay north of the Great Wall; France and Germany agreed to stay out of their neighbors' backyards; and Great Britain gave assurances that it would not penetrate beyond the Yangtze Valley. The four buddies ignored the aspirations of the United States and Japan, and presented a United Front in answer to any complaints from China.

In the meantime, the Chinese placed on the records their protests against the foreign residential and trading sections in the large cities. These sections are known as "Settlements," if the foreigners therein lease land in perpetuity directly from Chinese owners. They are known as "Concessions," if the foreign government leases the entire area directly from the Chinese Government, and then sublets the land in small parcels to its own nationals. These Settlements and Concessions were created for a double purpose: to limit the area of foreign

penetration into China, and to provide secure living quarters for those traders who did not want to live in the midst of the Oriental slums.

The International Settlement at Shanghai, originally a combination of the British and American concessions, has sprouted into a city of more than three millions of people. Most of the inhabitants are Chinese, but they are literally strangers in their own home-land. The Municipal Council, consisting primarily of foreigners, is responsible for taxes, public works, public buildings, policing, roads, sanitation, schools, hospitals and parks. The power plant is American and the tramways system is British. In every instance Chinese participation in public functions depends upon their ability to establish their arguments in the case at hand. The Chinese are conscious of discrimination against them and constantly complain against the spirit of the real or imagined slogan: "Chinese and dogs not allowed."

The sovereignty of the International Settlement is nominally Chinese, but the control is overwhelmingly foreign. Jurisdiction is based on land regulations agreed upon by the Chinese "Tao tai" and the foreign consuls in 1856. Belligerent troops are not supposed to enter the Settlement. If a Chinese traitor, terrorist, or political refugee seeks asylum in the Settlement he can be ousted only by Settlement Police. The police may be Sikhs, Russians in the service of the Shanghai Volunteer Corps, Chinese in the employ of the Municipal Council, or the regular troops of the British, American, or Japanese armies—but in no case are the police subject to the direction of the Chinese Central Government.

In addition to Shanghai there is another International Settlement at Kulangsu, the island in the harbor at Amoy. There are additional British concessions at Canton and Tientsin, where the streets are named after prominent British subjects. The hotels are the Court House, the Palace, the Astor House, and the Victoria, and the stores are Whiteaway & Laid-

law, MacKenzie and Robinson, Caldwell & MacGregor, and any one of a dozen other names which are British traditions anywhere east of Suez.

The Japanese have concessions at Amoy, Hankow, Tientsin, Hangchow and Soochow. Since the war, they have been straining to convert every conquered Chinese city into a miniature Tokyo. The French have their own concessions in Shanghai, Tientsin, Hankow and Canton. In these concessions, gendarmes, patisserie shops, taxi horns and priests in clerical garb tinge the heart of the Orient with the gay color of Paris. Even the Italians have specific outposts of empire in Tientsin, in the Legation quarter in Peking, and in sharing the International Settlement at Shanghai.

In addition to these violations of territorial sovereignty, the Chinese have experienced, as a result of the impact of the West, humiliating limitations on their administrative and fiscal entity. China is treaty-bound to adjust its judicial system according to the concepts of aliens. It must collect and dispense its maritime customs, taxes and revenues with prior consideration for the rights of foreigners.

How China chafes at the system of extraterritoriality! In 1842 the Chinese authorities would seldom stoop to interfere in disputes with or between barbarian merchants. But when the Chinese courts would act, their procedure entailed tortures to obtain confessions, summary jurisdiction, harsh and unusual punishments, and filthy prisons. The Powers insisted upon the right to try and punish their own nationals in their own consular courts. In mixed cases, that is, in suits involving Chinese and foreigners, or involving foreigners of different nationalities, the nationality of the defendant would determine the court of trial. Nowadays if a foreigner is accused of exceeding the speed limit, of tax evasion, homicide, forgery, drunkenness or any other civil or criminal offense, he is haled before his own consul; or if he is an American he is brought before the United States Court in China.

Some nationalities have used these extraterritorial privileges as cloaks for protecting munitions running, passport forging, and selling false emigration credentials for Chinese.

The Japanese have hidden behind extraterritorial skirts to encourage depredation of Korean gangsters into Manchuria and to establish red-light monopolies all along the China coast. It works this way. The natives of Formosa are "Chinese," because they are born of Chinese racial stock. They come over to Ningpo or Foochow, and with money supplied from mysterious sources buy properties to convert into opium dens or houses of prostitution. They make the down payment, and when the bill collector calls around for the second installment, the "Chinese" Formosan divests himself of his Chinese nationality and insists that he is "Japanese" because he was born in Japanese territory. He takes himself and his case to the Japanese consulate, claims extraterritorial protection, and defies the Chinese authorities who are helpless either to collect money due or to exercise police control over the demoralizing business.

Even with the best intentions in the world, the Powers cannot avoid inherent injustices and disadvantages in the extraterritorial system. British cannot compel American witnesses to attend British cases and vice-versa; appeals change the venue of the courts and the appeal judge has to start the case all over again. The courts afford irregular protection to Chinese and to foreigners, and in suits involving many different nationalities there are endless jurisdictional difficulties. Furthermore, China maintains that it can never open its entire country to the trade of foreigners as long as foreigners insist upon taking their own laws with them.

When Chinese or other foreigners come to the United States, they are accorded every legal privilege except those specifically forbidden by statute, but when foreigners go to China they are entitled only to those privileges which are specifically granted by treaty. And as treaties must be inter-

preted strictly in favor of the grantor, the foreigners are distinctly limited as to what they may do in China and where they may live. They must live and trade in the "treaty ports" or in the "open ports" until such time as they will submit themselves and their commercial pursuits to the jurisdiction of the Chinese officials in the interior. There are in China a hundred cities where some foreigners live. But the masses of foreign retailers, power-plant operators, buyers, and traveling salesmen must wait for the abolition of extraterritoriality before they can come or go anywhere and everywhere they please.

Extraterritoriality is also a matter of "face" so far as the Chinese are concerned. They feel that in spite of their actual backwardness they are as capable as any other modern nation to establish and conduct their own courts and prisons. They are confident that they can guarantee the execution of justice with despatch and impartiality to natives and foreigners alike.

The Chinese have always resented the imposition of the system of treaty tariffs. Tariff rates are ordinarily matters for the discrimination of a national legislature, to be decided upon without benefit of advice or pressure from any foreign government. But after the Opium War in 1839, China was obligated by treaty to permit Great Britain to "agree" to a regular, published tariff schedule. Naturally, the British—and others by virtue of their most-favored-nation agreements—would "agree" only to those rates which were in keeping with their own national interests. Everybody agreed that the Chinese ceiling in tariffs should be limited to a nominal rate of five percent ad valorem, in spite of increasing Chinese needs for tariff revenues. This handicap upon China's fiscal freedom of action constituted the chief target of anti-foreignism until 1928, when China recovered its tariff autonomy, or the right to fix its own tariff schedule.

Although China gained its tariff autonomy, it promised to continue the foreign administration of the Maritime Cus-

toms. The "Customs" has a fascinating history. In the middle of the last century Chinese hordes enlisted under the banner of the "Younger Brother of Christ," as the leader of the Taiping (Great Peace) rebellion styled himself, and rose against the tottering Manchu regime. They sent the Manchu officials scurrying from the bustling port of Shanghai and left the foreigners voluntarily to assess and collect their own customs for the Dragon Throne. After the rebellion, the Imperial Son of Heaven was pleased to continue the foreigners in control of the customs at Shanghai. The foreigners collected the revenue more honestly and, more important, they transmitted larger sums to the central treasury. From that day to this the Chinese government has entrusted the collection of its customs revenues to a foreign administration. A foreign Inspector General—who shall be British as long as British trade is predominant in China—is in charge of a civil service administration which has included British, Japanese, French, Americans, Italians, Germans, Portuguese, Chinese, and Russians among the forty-seven nationalities actually employed. It is their job not to fix the tariff schedule—which is the prerogative of the Chinese government—but to collect the duties assessed by the government, to deposit the collections in native and foreign banks, to administer the monies received in accordance with treaty obligations, and to turn over the surplus to the Chinese Ministry of Finance.

The customs revenues have served as security of foreign loans and, thanks to the integrity of the Customs Administration, have formed the most lucrative and dependable item on the income side of the national budget. Except for an understandable desire and determination to replace foreign employees with young Chinese, the Chinese government has found few grounds for protest against the institution or the procedure of the Customs Administration. But that was before 1931. All this changed in that year, when the Japanese under-

mined the operation of the Customs in Manchuria and in the flourishing ports of China proper.

The Customs Administration has been responsible for the establishment of the national system of posts. Just before the turn of the nineteenth century the Chinese Emperor converted the "Customs Posts" into a national Postal System. In addition to the main postal routes, he established short branch lines, which were serviced by couriers who travelled, when necessary, by junks, rafts, hong-boats, camels, mulecarts, wheelbarrows, rickshas and often by foot. The familiar green color of the Chinese post office came to distinguish the railway cars and the modern airplanes which were eventually utilized for the letter, parcel post and money-remittance system which penetrates into every city, hsien and village in China. But Chinese pride in achievement has been dampened by humble acknowledgment that the sovereign service of the posts has flourished under the direction of a staff of foreigners who have been responsible to the Chinese government only in a remote degree.

The Chinese Ministry of Communications has always been bolstered by foreign experts in the fields of radio, cables, telegraphs and telephones. The Ministry of Railways has had its quota of foreign engineers, accountants, auditors, and bankers who were listed on the pay roll as advisers. But these advisers have been infinitely more than that: they have been lavish with technical counsel, but at the same time they have been jealous guardians of the six percent due on foreign investments.

The Chinese have watched the control of the salt revenues pass into the hands of a foreign administration. In the Orient, salt is the staff of life. Profits derived from its production and sale have been considered as a legitimate government monopoly. It is like a liquor monopoly, or a tobacco or a match monopoly in the United States and Europe. But since

1913 a foreign Chief Inspector has been in charge of the Salt Administration. He collects salt revenues which have been mortgaged to the hilt as securities for foreign railway loans, Government loans, and shady administrative loans which have bled the resources of the national treasury.

The Chinese have had to accept treaty provisions that they will modernize their legal system as soon as possible; that they will legalize the opium traffic; that they will enforce uniform standards of weights and measures; that they will establish a national system of coinage and currency; and that they will promulgate mining regulations which will not operate to the disadvantage of foreign capital. The Chinese feel, and feel deeply, that, although there may be nothing objectionable in the substance of these provisions, there is everything objectionable in the procedure by which they have been obtained. The Chinese want the right to put these measures into operation as a matter of their own free will and not as the result of obligations saddled upon them by the devious diplomacy of the strangers within their gates.

The Chinese had also been obliged to receive diplomatic agents at Peking long before they were ready to hang out the "Welcome" sign. The cynical old Empress Dowager thought the diplomats unworthy of facing the Emperor or his entourage, and much too barbarian to view the artistic treasures in the Imperial Palaces. Therefore she built in the midst of her luxurious gardens a hideous foreign-style home which she considered adequate to receive ambassadors who were accustomed to nothing better than the vulgar environment of the Legation Quarter.

The Chinese have been treaty-bound to permit free passage for foreign troops over their transportation systems, to acquiesce in the stationing of foreign troops at various key cities between Peking and the sea, and to accede to foreign soldiers a limited right (often stretched and abused) to engage in "rifle practice and field exercises."

With regard to foreign civilians, and without any favors received for favors granted, the Chinese have given foreign individuals the privilege of travelling almost anywhere in the interior upon receipt of proper visas, and have tolerated the propagation of the Christian religion. They have extended unusual property rights to mission societies and unusual personal rights to the missionaries themselves.

With material damage to themselves, the Chinese have extended to foreign nationals the rights to engage in inland and coastal navigation and to build wharf, dock and bonded-warehouse facilities for commerce. It is impossible for Americans to imagine Chinese river steamers plying between St. Louis and the Gulf, yet Chinese must face every day the dominance of Japanese, British and American steamers in the lucrative trade between Hankow and the sea. No matter how malodorous the record of Chinese attempts to build and operate a river fleet, the Chinese still held to the belief that commerce on the Yangtze (or inter-port coastal shipping) should be individual, national monopolies, and not sources of treasure for the vaults of foreign companies.

As the Chinese survey this list of impediments upon their administrative and fiscal entity, they note that although they have had a need for the foreigner and his capital, nevertheless they have suffered at his imperialistic hands. The Chinese economic system has been disrupted and retarded, and Chinese political evolution has been sidetracked into the groove of semi-colonialism. One-quarter of China's railroads, three-quarters of its iron, one-half of its coal, half its cotton, much of its flour, oil, tobacco, motor, and radio industries, and most of its utilities were in the hands of foreigners even before the Japanese manifestation of intention to assume command over a new Japan-China economic bloc as the senior partner.

Japan was just an also-ran in the scramble for foreign privileges until the presentation of the twenty-one demands in

1915. At that time Japan opposed the incipient tendency on the part of foreign nations to restore Chinese sovereignty in a gradual orderly process, and inaugurated a policy which was to demand not merely equal privileges with other foreigners but a position of monopoly for itself. From that time forward China chose to pursue its basic objective in international diplomacy—the modification and abolition of the privileges which have been described—only in accordance with the requirements of the immediate necessity of resisting the encroachments of Japan.

ANTI-CHINESE EFFECT OF INTERNATIONAL COOPERATION

"International cooperation" has been a thorn in the Chinese flesh to the extent that it has usually meant cooperation of all the other nations as opposed to China in the conduct of diplomatic negotiations, in the actual carrying out of hostilities and in the imposition of treaty settlements. The Powers would always support one another, knowing full well that a concession to *any* one meant a concession to *every* one through the operation of the most-favored-nation clause. China had no opportunity to play both ends against the middle or to play one nation against another in the interest of selfish advantage.

The international struggle for "spheres of interest" in China threatened to disrupt Western solidarity before the Open Door notes of John Hay established a new basis for uniform procedure. Germany, France, Russia, England and Japan in carving out areas for exclusive exploitation had managed to keep out of one another's way until China ran out of territories to surrender. Then it became alarmingly apparent that any one of these nations might conspire with China to obtain an advantage over an imperialistic rival. It followed that China might thereby be placed in an enviable position to request and receive compensating consideration for itself. Secretary Hay appreciated these implications of international

rivalries and used them as clubs to line up the Powers in support of the Open Door.

Every one of the Powers involved had its own selfish reasons for endorsing the policy of the Open Door. Russia, Germany and France saw in it a guaranteed continuation of economic predominance in their respective spheres of interest which they had already obtained. Japan recognized in the Open Door a method of hypnotizing its European competitors into a condition of suspended animation, pending the accumulation of strength sufficient to assert monopolistic intentions in Eastern Asia. The United States and England championed the Open Door because they felt their industrialists and merchants could hold their own if granted a minimum of political interference and if guaranteed mere equality of economic opportunity. All the Powers welcomed the limitation and regulation of competition as among themselves and the preservation of a common international policy in future spoliation of the Chinese victim.

This common policy, as expressed in the first batch of circular notes sent out from the State Department in 1899, consisted merely of an attempt to define equality of economic opportunity. It obliged the Powers to collect in their spheres of interest equal customs levies, equal harbor dues and equal railway rates on all goods imported regardless of national origin of the imports. It restrained the Powers from interfering with national interests which had already been established in the treaty ports of anyone's sphere. In this manner it diminished the scope and the intensity of the clashes of rival business men and it deprived China of any opportunity to profit from inter-Power jealousies and controversies.

But these provisions were of little immediate beneficence to China. They did not abolish the spheres of interest and they exercised no important influence in retarding the Boxer Rebellion, which blazed forth with all its anti-foreignism in the summer of 1900. In the midst of the Rebellion, while the

Legations at Peking were in state of siege, Secretary Hay sent a second group of circular notes which progressed from the realm of economics into the realm of politics. These notes expressed the hope that China's difficulties would be solved in such manner as to

> . . . bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire.

These principles of policy (permanent safety, peace, territorial and administrative integrity of China) were to become paramount in judging the goodness or badness of any international action. Eventually the Powers were to split into rival camps, the one camp insisting upon implementing these political additions to the Open Door, and the other insisting upon the traditional pursuit of special privileges and regional monopolies. Then and then only could China progress in its struggle to regain its lost sovereignty by the simple expedient of playing the members of the one camp against the members of the other.

But for China in 1902, the "United Front" of the Powers seemed unperturbed by paper declarations of policy and the Powers acted together for the presentation of their demands upon China. At the time of signing the Boxer Protocol they argued among themselves about the extent of the indemnity to be assessed, and about the penalties to be extracted from China. But their arguments were strictly in the family—as between the Allies later at Versailles—and the Chinese had no alternative to signing the treaty which was agreed upon, written, and presented in accordance with the unanimous will of the conquerors. The commercial treaties which followed the Boxer settlement contained the usual most-favored-nation clauses, and no matter how much Russians and Japanese, for

example, might have argued or fought among themselves, they stood together when facing their Chinese victim.

Imperialistic rivalries grew increasingly bitter. Throat-cutting for railway contracts and pocket-greasing for administrative loans became so unscrupulous, and afforded China so many opportunities to escape from maximum exploitation, that the Powers sought to reinvigorate their diminishing solidarity by a Consortium scheme. In 1911 this scheme contemplated the pooling of resources and proportional participation in investments of capital. It was hoped in this way to eliminate the worst abuses incidental to foreign investments, and to preserve an interest rate which would guarantee a reasonable profit. China, of course, had enjoyed the rivalry between the bankers of different nationalities and hated to see the conclusion of an agreement which would induce the competing imperialists to bury the hatchet.

But the Consortium was not an unqualified success, and it was relegated to a position of unimportance by the world war. The war represented China's first substantial dent into the "United Front." During the war, the dean of the Diplomatic Corps could not speak for all the Western Powers because of the temporary eclipse of Germany and Austria who were actual enemies—and of Russia, who temporarily had lost all its influence in the Orient because of the Revolution. But in spite of the elimination of those three great Powers, China was forced to address its appeals for international equality to the victorious Allies who, acting in concert, at the Peace Conference in Paris, assumed the responsibility for preserving the system of the unequal treaties betwen China and the West.

The demands of China at Versailles for treaty revision and particularly for the return of Shantung, which Japan had taken from Germany as a prize of war, fell upon deaf ears. China returned from the Peace Conference with a conviction that it had been betrayed by the Allies who had promised treaty revision in return for sympathy and active support.

China was bitterly disillusioned as to the possibility of recovering its sovereignty and independence at one fell swoop, as a mass concession from the Powers acting in unison. But China took new courage from the fissures in the ranks of the Powers and from a surprising crescendo of popular Chinese support for its official claims.

Doubly strengthened by these phenomena China faced the Powers as a unit for the last time at the Limitation of Armaments Conference at Washington in 1921. There China presented an eloquent plea for the recognition of its territorial integrity and for the removal of existing limitations upon its political, jurisdictional, and administrative freedom of action. It actually obtained the highly favorable Nine-Power Pact as well as numerous additional promises by the individual nations to surrender their unequal privileges as fast as China could assume and discharge its new obligations.

Among its accomplishments at the Washington Conference, China established a new definition of international cooperation. In the past, international cooperation had implied cooperation between all the foreigners in dictating the course of action in China. In the future, the phrase would mean the acceptance of China as a full-fledged member of the family of nations, worthy of entering into general international conventions and of sitting on the Council of the League of Nations and the governing body of the International Labor Office. It would mean cooperation between all nations *including China* for the negotiation on the basis of equality and reciprocity of new standards for all nations to follow in the Orient. Henceforward, China abandoned its procedure of appealing to the Powers en masse, and adopted the new procedure of negotiating with one Power, and then with another, in the hope that the Powers would try to outdo themselves in surrendering to China's demands, as they had competed in wresting concessions from China during the closing years of the nineteenth century.

DIPLOMATIC EFFORTS TO RECOVER LOSSES

If China's successive retreats before the political incursions of the West represent an express toboggan towards the bottom of international prestige, then the recovery of sovereign rights from the Western Powers resembles the frog which tried to climb out of the slippery well by registering "three feet up and two feet back" with every jump. Except that as China approached the top of the well a very inconsiderate neighbor reached over the edge and poked the frog all the way back into the water.

During the years immediately preceding the first world war, when the Western nations looked upon China as the "disorderly backyard of European politics," and the Chinese reflected these contemptuous sentiments in their estimate of the West, the Chinese emphasized "the characteristics of avarice, love of power, and lawlessness, as the leading traits of the foreigners." They saw barbarism in the philosophy of the traders, and senselessness in the religious sectarian controversies of the missionaries. Chinese students branded Western civilization as a concoction of the "Bible, bullets and beer," and set about the serious business of recovering their lost sovereignty and of glorifying their regained political independence with a renaissance and enrichment of their own national culture.

The most-favored-nation clause proved a serious obstacle to spectacular or even substantial progress. In the processes of encroachment a favor to one had meant a favor to all; and in the processes of recovery the failure of a single nation to accede to China's point of view thwarted an entire program of restoration. The history of tariff autonomy illustrates the situation. In 1839, as soon as Great Britain had obtained the right to be consulted about the tariff schedule, the other nations received immediately a similar privilege. But after Great Britain, the United States and others had agreed to

restore tariff autonomy in 1928, their promises were held up by the dilatory tactics of Japan. No action could be taken until the last single nation should agree to a proposed procedure. Recovery had to be paced by the speed of the most reactionary and least considerate of China's treaty-relatives, rather than by the speed and good intentions of China's closest friends.

The easy victory of the Japanese over the slumbering Chinese giant in 1894 introduced the battle of concessions, and it was also an awakening to an awareness of China's own helplessness. The subsequent orgy of imperialistic gluttony aroused a reactionary pioneer patriotism in the breasts of Chinese which was to constitute "the prelude to a century of change and the keynote of the future history of the Far East." After the abortive and unfortunate Boxer uprising, Chinese students were taught by missionary teachers to protest against their humiliating inferiority. Superstitious peasants were led to blame the foreigners for their accumulated ills. Workers were aroused to hatred against the discipline imposed in foreign factories. Merchants and bankers were filled with envy for the lucrative profits of foreign commerce. All these groups were swept into a *hsin chao* or New Tide of anti-imperialism. Sometimes it expressed itself in stupid indignities or outrages against individual foreigners, other times in boycott movements against particular nationalities, and sometimes in feeble constructive efforts to overcome glaring deficiencies in the Chinese educational and political systems. Different leaders organized different factions, and their rivalries for leadership were not to disappear until after the apotheosis of Sun Yat-sen and the universal acceptance of the Kuomintang (the National People's Party) with its principles of Nationalism, Democracy and Social Welfare.

After the Russo-Japanese War convinced even the Chinese that an Oriental Power could be more than a match for the best which the West had to offer, the twin movements for

internal modernization and international sovereignty moved with accelerated impetus. There were setbacks when international financiers, primarily Japanese, supported Chinese reactionaries like Yuan Shih-kai in determined attempts to arrest the avalanche, but the first world war dealt the *coup de grâce* to their futile efforts. President Wilson's idealistic formulae regarding the "rights of weak peoples" and "self-determination" provided the necessary stimuli for developments which had been lethargic, sporadic and unorganized.

After the entry of China into the war on the side of the Allies, China thrust the thin side of the wedge into the system of international servitudes. China took over the territorial concessions of Germany and Austria, stopped payments on their share of the Boxer indemnity, withdrew their Legation and consular guards, closed their post offices, sequestered their public properties and bank accounts pending the conclusion of the war, and denounced their commercial treaties, including those bestowing upon German and Austrian nationals the privilege of extra-territoriality.

China imposed these same measures upon the Russians as soon as the Revolution immobilized all the power of the Tsars in the Orient. But the Bolsheviks were shrewd enough to interpret the signs of the times, and they announced in a unilateral declaration in 1919 that "in order to free the people from the yoke of the militarists and to help the working classes, Russia declared null and void all its former secret treaties." Russia offered to give up the conquests of the Tsars, to return the Chinese Eastern Railroad without compensation, to renounce its right to indemnity collections, to abolish all special privileges including extra-territoriality, and to negotiate new treaties on the basis of equality and reciprocity. Russia chose to surrender gracefully rather than to appear to bow before Chinese demands.

With their pockets bulging with these diplomatic victories over three Great Powers, China sent its delegates to the Peace

Conference at Versailles in a very reflective and hopeful mood. Reflective? Reflective because heretofore they had looked upon the West as something possessed of unity and strength, whereas the internecine struggle of four years had resulted in mutual exhaustion and had exposed to China the shallowness and futility of material greatness. Why should China strive to build up national strength, as the West conceived it, if the ultimate purposes of that strength were suicide and murder? And hopeful? Hopeful that their program for the abolition of spheres of interest, of foreign concessions and settlements, and of foreign limitations of every kind would be accepted and endorsed. The Chinese expected at least a declaration which would serve to "establish a new world order upon the foundation of the principles of justice, equality, and respect for the sovereignty of nations."

Liberal Europeans' opinion in 1919 recognized China's need of fiscal and administrative autonomy, particularly with regard to the tariff, extra-territoriality, currency, foreign loans, and internal industrialization. It fully appreciated that something must be done to eradicate political friction in China. To that end the Allies authorized an absolute embargo on the shipment of all arms and munitions, which would circumvent any temptation to dump surplus supplies at ridiculously low prices. The Allies then proceeded to reorganize the Consortium for financing railway development and they emphasized the necessity for the good will of China in their plans to penetrate the Chinese commercial market. Moreover the general atmosphere of war-weariness curbed any latent foreign desires to inflict new measures of exploitation upon China. Deep and pressing social problems at home made it doubly expedient for the Allies to gain the cooperation of China in crushing the universal communistic attack of Soviet Russia upon capitalism and imperialism.

The sanguine hopes of the Chinese at Versailles were doomed to disappointment. China received a vast amount of

publicity, it obtained an unrivaled opportunity to air its case before the bar of public opinion, and it enjoyed an unprecedented experience of sitting in on an international council table as one of the concert of victorious Powers. But considerations of *Realpolitik* dictated the sacrifice of Chinese desires upon the altar of Japanese appeasement. Great Britain, France and the United States could not afford to alienate the good will of Japan. They confirmed the Japanese in possession of Shantung and refused to vitiate the one-sided Sino-Japanese treaties which had resulted from the Twenty-one Demands.

The Chinese were so angry at their shabby treatment at the hands of the Allies that they refused to sign the Treaty of Versailles, although China became a member of the League of Nations by virtue of signing the treaty of Saint-Germain with Austria. The Chinese reestablished peace with Germany by a presidential proclamation on September 15, 1919, and signed a new German treaty on May 20, 1921, based on principles of complete equality and absolute reciprocity in accordance with the rules of international law. The Chinese subsequently nurtured a peculiar bond of friendship with the Germans because of improved treaty relations and mutually bitter memories of the Treaty of Versailles.

When the Chinese delegates returned from the Peace Conference they were greeted by popular support of their stubborn stand. Student strikes and commercial boycotts typified Chinese resentment against Japan, in particular, for its seizure of Shantung and against all the Western Powers, in general, for permitting themselves to become accessories to the crime.

The Chinese pride in terminating the privileges of Austria, Germany, and Russia disappeared before the growing realization of the difficulties in the way of achieving similar diplomatic victories from the remaining Powers. "Anti-imperialism" became a national rallying cry, and incidentally a camouflage and a way out for a succession of internal

crises. Officials both in North China and in South China devoted an increasing proportion of their political energies to the abolition of the unequal treaties when they might better have devoted their attention to nepotism and corruption in their own camps.

The skilled diplomats of the Peking regime contributed the brightest spots in the drab political life of China in the early twenties. A succession of capable representatives including Dr. W. W. Yen (Virginia), Dr. Wellington Koo (Yale and Columbia), Dr. Alfred Sze (Cornell and Syracuse), Dr. C. C. Wu (London), Dr. Wang Ch'ung-hui (Yale), and Dr. C. T. Wang (Yale) carried on their negotiations with force and dignity. They sought first the termination of the Sino-Japanese military and naval agreements negotiated during the war and they refused to enter limited bilateral negotiations with Japan concerning the ultimate disposition of Shantung. They suggested to England the abrogation of the Anglo-Japanese alliance on the grounds that it conflicted with the principles of the Covenant of the League of Nations, that it dealt with Chinese territory and therefore China should be consulted before its renewal, and that it was repugnant to the interests of the Dominions of Canada, Australia and New Zealand. They threw out constant hints cleverly worded in notes to all the Powers that China's international position should be improved, and they made the most of the unique opportunities at Washington in 1921. During the Conference, the dean of Chinese diplomats, Dr. W. W. Yen, consented to remain in Peking as the Minister of Foreign Affairs so that he could forestall or nullify any pressure which the Japanese might try to bring to bear on the Government there.

At Washington, the Chinese program repeated the familiar appeals for the restoration of territorial integrity, for the political and administrative independence of the Chinese Republic, for the effective application of the Open Door in all parts of China, for the abolition of previous limitations on

Chinese sovereignty, and for a self-denying declaration on the part of the Powers that they would refrain from future encroachments. These appeals eventuated in the Nine Power treaty which transformed the Open Door from a negative, nebulous statement of policy into a positive, definite, international legal obligation.

In addition China utilized the good offices of Lord Balfour and Secretary Hughes to wangle from the Japanese an agreement to return Kiaochow to China, to withdraw their garrisons from Shantung, to evacuate their troops and railway guards, and to sell to China the Tsingtao-Tsinan railway. But pending repayment for the railway, the Japanese were to retain their own traffic manager and chief accountant.

The Chinese were not successful at Washington in obtaining the cancellation of the Twenty-one Demands. The Chinese argued that these demands were forced upon China; that they contained no *quid pro quo;* that they were inconsistent with the principle of the Open Door, and that they violated other treaties between China and third parties. The Japanese answered that the Demands were in the nature of a contract, that they constituted no violation of China's sovereignty, and that abrogation would establish a precedent dangerous to peace. The Japanese announced that they were ready of their own free will (1) to withdraw their insistence upon Japanese advisers on political, financial, or economic matters in South Manchuria and (2) to throw open to the Consortium the Japanese options on railway loans in South Manchuria and Eastern Inner Mongolia and on loans secured on taxes in that region. Arguments and counter-arguments led to the Sino-Japanese deadlock which extended far beyond the Washington Conference until the Japanese decided to cut the Gordian knot by direct military action.

The most substantial progress made by the Chinese at Washington resulted from their attacks against individual items in the treaty system. The Chinese sought and obtained

jurisdiction over all electrical means of communication, including radio stations, maintained on Chinese soil. The Japanese radio stations in Hankow and Tsinan were closed before the end of 1922. Other stations in the leased areas, in the Legation compound at Peking, in the South Manchuria Railway Zone, and in the French concession at Shanghai continued operation, but in accordance with the express consent of, and on wave lengths specifically assigned by, the Chinese government.

The Chinese asked the Powers at once to abolish all their independent postal services in China. The Powers consented to abandonment, subject to the conditions "that China maintain an efficient postal service and that an assurance be given by the Chinese Government that it contemplated no change in the existing postal system so far as the status of the foreign co-Director General was concerned." Great Britain ordered the suspension of the operations of its twelve independent post offices; Japan, of its sixty-six; France, of its thirteen; and the United States of its only one. Thenceforward mail from Americans in China would not be franked with American stamps bearing the familiar surcharge "Shanghai," but would have to use the stamps of the Chinese Republic.

The Chinese chafed at the presence of foreign troops on their native soil and they argued that these troops were in China without formal treaty consent. They declared that the Japanese troops in Shantung, in Hankow, and along the South Manchuria Railway violated the administrative integrity of China and they appealed to the Conference to take "appropriate measures to prevent further aggression of this character and to relieve China of these impositions." The Chinese insisted that they were perfectly able to guarantee protection to foreign lives and property, but the Powers were hesitant and inclined to doubt. They were willing to declare their intention to withdraw "whenever China shall assure the protection of lives and property of foreigners in China," but

in 1922 they would go no further than assent to a "collective inquiry into the facts and opinions concerning their own intentions and the capacity of the Chinese to preserve law and adequate order." The Japanese withdrew their troops from Shantung and Hankow, but, together with the other Powers involved, they maintained railway guards in Manchuria, Legation Guards in Peking, and regular military units in Tientsin and Shanghai. For a long time to come the Chinese were doomed to watch in sullen silence the drills, manoeuvres and parades of the well-equipped armies of the foreigners in their irritating, ostentatious displays on Chinese territory.

When the Chinese delegates went gunning for the termination of the treaty tariff, extraterritoriality, leases and spheres of interest, they achieved marked, if only partial, success. The Powers promised an immediate revision guaranteeing the Chinese an effective five percent rate of duty and an adjustment of tariff rates every seven years. They agreed to a special conference for the consideration of customs surtaxes, of special customs rates on goods which entered China over land frontiers, and of likin. ("Likin" is a compound of two Chinese words signifying one-tenth of one percent, the payment of which additional assessment provided foreigners exemption from troublesome transit tolls in the interior.) But as safeguards, the Powers extracted the declarations that "the Chinese Government have no intention to effect any change which may disturb the present administration of the Chinese Maritime Customs," and that "autonomy" should be postponed for future consideration.

In answer to the Chinese plea for the abolition of extraterritoriality, the Powers assented to the appointment of a Commission "to inquire into the present practice of extraterritorial jurisdiction in China, and into the laws and the judicial system and the methods of judicial administration of China and to make recommendations to assist the Chinese in introducing reforms which would warrant the Powers in

relinquishing extraterritoriality." This constituted a substantial step in the direction of modification and limitation, and towards eventual abolition.

China asked for the immediate demilitarization and eventual retrocession of the leaseholds, since "leaseholds are no longer needed to preserve the balance of power." Mr. Viviani agreed to collective restitution. Lord Balfour foresaw no objection to the return of Weihaiwei, but pointed out that Kowloon was necessary for the security of Hongkong. The Japanese declared that in Kuantung, "Japan has no intention at present to relinquish the important rights she has lawfully acquired and at no small sacrifice."

China made no progress at Washington towards the recovery of the residential concessions in the port cities, but it destroyed the obnoxious "spheres of interest" in designated regions by the devastating publicity heaped upon the abuses of the system. Dr. Wellington Koo demonstrated how the spheres hampered the economic development of China and served as pretense for political domination. He asked the Powers to publish and to disavow all their claims to special interests, and to put time limits on old agreements which were without specific duration. He wanted specific relief from the Sino-Japanese treaties and notes of May 25, 1915 (those following the Twenty-one Demands), from the fourteen inter-Power commitments including the Root-Takahira and Lansing-Ishii agreements, and from the non-alienation declarations covering Hainan, the Yangtze Valley, Fukien and the China coast.

In reply, the Powers agreed to publish all their treaties, conventions, exchanges of notes, or other international agreements which they considered in force, and to list all contracts between their nationals and Chinese involving "any concession, franchise, option or preference concerning railways, mines, forests, navigation rights, river conservancy, harbor works or public services, or for sales of arms or ammunition,

or which involve a lien on public revenues or properties." To cap the climax, they worded the Nine-Power treaty with all the legal skill at their command in such a way as to end any spheres of interest, any general superiority of rights, and any exclusive monopolies which might be sought by any of the Powers or their nationals. In the words of the British delegate, spheres of interest became things of the past and were supplanted by a new era of international economic cooperation.

By the time of the Washington Conference it had become quite clear that international rivalries in China were actually hindering China's economic and political development and had produced friction and jealousy among the Powers themselves. Therefore they were disposed to handle the Chinese complaints with "sympathy and a large measure of understanding." But Baron Shidehara commented on one occasion that "the Powers were disposed to look forward to the future with hope and confidence, but like genteel retired burglars, they had no thought of relinquishing their hold on past gains." The Baron should have added "except in self-interest." The fact is apparent that some previous gains were surrendered, and others would be surrendered, as the Chinese political situation would improve sufficiently to erase the temptation for military intervention and to justify the Powers in fulfilling the intentions which they had expressed at the Washington Conference.

After the Conference the suave diplomats of the Peking regime returned to their headquarters in China and continued to peck away at the unequal treaties. In 1923 on the occasion of the expiration of the original period of the leasehold in Kuantung, the Chinese slyly but vainly sent a note to Japan asking Japan to name a date for the discussion of questions incidental to the retrocession of Port Arthur and Dairen. Then as successive treaties with Belgium, France, Japan, and Spain came up for revision or renewal, the Chinese followed the technique of announcing the termination of the old trea-

ties and the assumption of jurisdiction over the foreigners involved pending the conclusion of new treaties. In these days immediately preceding the Nationalist regime, Chinese emphasis was upon the necessity and desirability of treaty revision—and not always by bilateral agreement.

DIRECT ACTION

After the establishment of the Central Government at Nanking all negotiations between the foreigners and the Chinese were transferred to the South. The trek of the foreign diplomats from the comparative luxury of the old capital at Peking to the inconvenience of Nanking was slightly reminiscent of another historical trek to Canossa. And subsequently, the skilled diplomacy of Peking, which had been content to follow the amenities of patient negotiation, was to be aided and abetted by the strikes, boycotts, occasional riots, and direct action of the fiery southerners. The southerners appreciated that the most-favored-nation reduced the common policy of the Powers towards China to the level and the tempo of the most reactionary and the least enlightened. Acting on the advice of its Russian diplomatic advisers the new government resorted to mass action to jolt the Powers from their aplomb and to induce them to take drastic steps towards breaking the chains of international servitudes.

Writing as early as 1924, Borodin (the leading Russian civilian adviser in Canton) stated:

> I believe that it is a part of a very subtle propaganda to make the world believe that China is so backward, so different, that it is sorely in need of the civilizing influence of the more forward countries. It serves as a justification for what the foreigner does here, for extraterritoriality, foreign courts, concessions, the Customs being in foreign hands, and for foreigners assuming the role of protectors of the integrity of China and of its sovereignty. It allows foreign publications on Chinese soil maliciously to vilify

and slander public men. It gives the innumerable servants of foreign interests here the opportunity of treating the laboring classes as if they belonged to an inferior race.

These words were music for the ears of the Kuomintang, which caught the anti-foreign sentiments of the people and utilized every trick of slogans, symbols and propaganda in the pursuit of its objectives. The Party platform endorsed the Peking professors' "Rights Recovery Movement" which advocated that all former treaties should be cancelled (not revised) and replaced with new ones giving equal treatment. Chiang Kai-shek stated his conviction that the people of China would never be satisfied with a mere revision of the treaties. They demanded immediate and unconditional cancellation.

On May 30, 1925, when a British police captain fired into a Chinese mob at Shanghai, and when Chinese were killed in the course of riots at Shameen in Canton, then the students, laborers and merchants joined the cry, "Foreigners have shot down Chinese citizens on Chinese soil!" There were anti-foreign riots at Chinkiang, Hankow, Kiukiang, and Chungking, and radicals shouted for the return of all concessions, for the expulsion of foreign troops, and the outright abolition of extraterritoriality. They declared that "the knowledge of international affairs is growing among the people and they cannot tolerate long the existence of numerous foreign concessions within China which, like the colonies of the Great Powers, are administered entirely by foreigners." Boycotts paralyzed British shipping and disappeared only before the enthusiasm and the problems of the march from Canton to Nanking.

During 1926 foreign relations were relegated to the background, but the Chinese officials repeatedly expressed their convictions that treaty relations must be adjusted. "The trea-

ties have long since outlived the usefulness claimed for them. As long as they exist, there will remain causes of disaffection which are apt to produce friction and disturb the cordial relations and good understanding between China and the foreign powers." But as an olive branch, intended to calm foreign suspicions as to what the Nationalists might do once they established themselves in undisputed control of the whole of China, the Chinese Central Executive Committee, which was the highest organ in the Nationalist government, issued a declaration which stated in part:

> Towards the foreigners and foreign governments, there have never been feelings of animosity. When any country chooses to act towards us in a spirit of imperialism, we are bound to combat its policy. When any country treats China on a footing of equality, we must exhibit toward it the most cordial friendship, to the mutual benefit materially and culturally of both countries. Hence among the Powers having relations with China, there is no exclusiveness as to who are to be counted our friends. The measure of friendship is equality of treatment and the test is the conclusion of new treaties on a basis of reciprocal respect for each other's sovereignty.

One tremendous obstacle to new treaties was the fear of the Powers that China was going Communist. Russian military men were directing the campaign of Chiang Kai-shek and Russian propagandists were flooding the country with anti-imperialist slogans. All the telegraph poles were plastered with posters "Abolish the Unequal Treaties," "Drive Out the Foreign Imperialists," "Down with Imperialism"; and young, skillful Chinese orators were inflaming the masses against foreigners in general. The indignant Dr. Soothill blamed Dr. Sun's book for "sowing among a susceptible, an ignorant and a suffering people its bitter hate of foreigners, especially of Britain . . . its admiration for and confidence in Russian Bolshevism . . . and its garbled history, distorted economics and idealistic naïvetés." Popular passions culminated in riots at

Hankow, Chinkiang, and Nanking; and passions did not cool until a naval demonstration and bombardment convinced the Chinese that they would make more progress by staying within the bounds of regular procedures. Mr. Austen Chamberlain's Christmas memorandum pointed the way to a policy of making partial surrenders to the demands of the government as a means of keeping China out of the coils of the Communists and in the control of the liberal bourgeoisie.

In 1927 Chiang dismissed his Russian advisers and turned for help and support to the Shanghai bourgeois and their British, American, French and Japanese financial backers. He liquidated the Nanking incident by separate negotiations with each Power concerned, and he took advantage of the occasion to remind the Powers that the fundamental danger to themselves and their property was due to "insistence on conditions which are at once a humiliation and a menace to a nation that has known greatness and is today conscious of renewed strength." He ordered the evacuation of all foreign property occupied by Chinese soldiers, specifically commanded his men not to fire on foreign ships as they plied up and down the Yangtze, and not to molest foreign lives nor interfere with the missionaries. And early in 1928 he declared that he would

> . . . take steps to terminate in accordance with proper procedure those unequal treaties which have not yet expired, and conclude new treaties on the basis of equality and mutual respect for territorial sovereignty.

The new government was as good as its word. It attacked immediately the problem of tariff autonomy, because increased tariff rates would mean new revenues. Halfway measures on the way towards autonomy were considered as "taking a cup of poison to quench one's thirst." T. V. Soong (Harvard), the Chinese Minister of Finance, went to Peking and tackled the American minister, Mr. J. V. A. MacMurray,

about a new tariff treaty. As the story goes, Mr. Soong said to the American Minister: "I am a financier, you are a diplomat; you write the treaty, and I will sign it." This American treaty put the skids under the treaty tariff, and within three years, thirteen other nations agreed to a complete Chinese tariff except as qualified by temporary provisions of the Japanese treaty. The Japanese hated to see China recover autonomy because higher tariff rates would decrease importation of cheap Japanese goods, would encourage erection of competing textile mills on Chinese soil.

A whole succession of international agreements before 1931 returned to China increased portions of the Boxer indemnity, surrendered the administration of residential concessions at Hankow, Kiukiang, Chinkiang and Amoy, and restored the sovereignty over the former British leasehold at Weihaiwei. New treaties with Poland, Greece, Turkey and Egypt conceded to China a status of equality. Old treaties with Belgium, Spain, Portugal, Denmark and Italy were terminated unilaterally; and pending the conclusion of new treaties, the Chinese assumed jurisdiction over the nationals of these respective countries. The diplomats involved resented the high-handed Chinese action. Particularly resentful was the Italian representative Count Ciano, Il Duce's son-in-law, who later was to sky-rocket to prominence in Ethiopia and Central Europe.

The Chinese eventually turned their diplomatic guns on the system of extraterritoriality. In treaties with many of the small Powers, China had already obtained consent to abolish extraterritoriality "when the others would." As has been seen, "the others would," when the Chinese would be ready for the responsibility of judicial administration.

The Extraterritorial Commission provided for at Washington made an extended survey of Chinese conditions in 1926 and laid down a set of Utopian criteria which would have to be met before the consular courts could be abandoned. But the Nanking government displayed no intention of waiting

for Utopia, and in 1929 it sent a diplomatic round-robin protesting that "since extraterritoriality is antiquated and detrimental, it should be abandoned, particularly since China now has courts, modern prisons, and codes of law." The Americans answered this protest with the warning that sudden abolition would be harmful, but the assurance that "the United States is ready to participate in negotiations looking to the relinquishment of extraterritorial rights either as to areas or to particular kinds of jurisdiction or both." The British were a bit more cautious and said they would abandon extraterritoriality so that China could do away with the treaty ports and open up the whole country to foreign residence and trade, when "the people as well as the rulers understand the implications of judicial autonomy and when the courts are free from military and other pressure groups." Baron Shidehara, speaking for the Japanese, displayed a sympathy for the ambitions of China.

The foreign minister, Dr. C. T. Wang, blandly ignored the response of the Powers and declared:

> . . . for the purpose of restoring her inherent jurisdictional sovereignty, on and after January 1, 1930, all foreign nationals in the territory of China who are now enjoying extraterritorial privileges shall abide by the laws, ordinances and regulations duly promulgated by the Central and local governments of China.

The Powers were disposed to admit that January 1, 1930, could be considered as the date upon which gradual abolition should commence in principle, but they were wary of any subsequent Chinese attempts to implement the principle. Japan delayed negotiations and prevented a show-down on the interim regulations which were to apply to foreigners on January 1, 1932. With the precipitation of the Manchurian incident in the fall of 1931, the Chinese decided to postpone the coming into effect of the regulations "in consequence of natural disasters and other calamities in various localities."

The problems of inland navigation, of foreign troops, of thirteen concessions and of the Legation Quarter remained on the Chinese agenda of unfinished business in the fall of 1931. The outlook for the solution of these problems was far from gloomy. The British had indicated by word and act their willingness "to go as far as possible towards meeting the legitimate aspirations of the Chinese nation." The United States had endorsed the same general position, and the supporters of the Shidehara policy in Japan had promised unfettered cooperation with an independent China.

And at that time the Chinese policy with regard to foreign relations was described by Wang Ching-wei as "directed to securing for China a status of equality and unqualified independence in the family of nations—no more, no less."

Speaking for the government, and giving every indication of sweet reasonableness, Mr. Wang continued:

> It is the aim and intention of the Chinese government to effect a revision of certain treaties which are both unfair and out of date, but this is a matter for friendly discussion and negotiation, and we hope to be able to conduct our part of the proceedings with that dignity and respect for the principles of law and equity which should always mark such negotiations.
>
> This desire for national independence and international equality is most essential in any nation in their struggle for existence and is certainly not anti-foreign in nature.
>
> Nothing is further from the truth than the allegation that the foreign policy of the Chinese government has been uncompromisingly anti-foreign. The rightful aspiration of our country is to attain its rightful status of complete independence and equality.

Mr. Wang needed to offer no apologies for China's anti-foreignism, because it was directed against a system and not against individual nationals of any foreign country. Mass agitation and demonstrations on the part of the Chinese caused inconvenience, embarrassment, and sometimes suffering to

foreigners; but these personal penalties were unavoidable incidental concomitants of an understandable revolt against the imperialistic privileges of the unequal treaties.

The process of adjustment and compromise between China and the foreign Powers was halted abruptly and cast into temporary discard because of the aggression of Japan. Slogans which had demanded "Drive Out the Imperialists" now became "Drive Out the Japanese." Statements of government policy which had emphasized the struggle against all foreign privileges now singled out the Japanese for particular attention. For example, Wang Ching-wei declared:

> Japan does not want to see China on an equal footing with the Powers, realizing that unless China is in a perpetual state of quasi submission, all Japan's aggressive designs will have to be abandoned. . . . We must struggle on for equality and freedom in spite of Japan's attempt to chain us.

Anti-imperialism became anti-Japanism, and after 1931 all Chinese national, economic and diplomatic efforts were concentrated on the single objective of resisting the Japanese challenge to what China conceived to be its inherent rights of equality, self-preservation and independence. Great Britain, the United States, France and the smaller Powers had manifested a willingness to give way before the rising tide of Chinese nationalism and they had prepared themselves to make such compromises as seemed necessary and expedient. They are probably ready to make still more concessions when the Sino-Japanese war is officially ended.

But Japan took an incontrovertible stand in endeavoring to perpetuate the inequalities of the old regime, and risked its national prestige and prosperity in the exhaustive process of endeavoring to clamp upon China the dubious blessings of "a new order in Eastern Asia."

CHAPTER TWO

China against Japan

As long as Chinese nationalism was directed against Western Powers, which were far away and unable to retaliate effectively, the Chinese made astonishing progress towards recovery of independence. Success was intoxicating and the Chinese overreached themselves. Flushed with success, they sought to do against the Russians and the Japanese in Manchuria what they had done with impunity against the British in the Yangtze Valley. They failed to consider that they were striking out against "vital," and not mere "peripheral" interests. They bumped into a stone wall when they stepped out against the Russians in 1929. Then came September 1931, when Japan loosed its army in Manchuria and opened a new chapter in Chinese history.

Before the close of the nineteenth century China had been beset by the imperialistic nations of the whole world. But its strongest defense lay in the number of its enemies. So rancorous were their mutual jealousies, that they could never combine to effect the kill. But in 1931 the situation was basically altered. China's one-time enemies were closely engaged in their own part of the world. The immediate threat against China came from only one source—all the stronger for being concentrated. The struggle for emancipation from the unequal treaties had been overlaid by the more pressing struggle

against Japan's disclosed ambitions to establish control over the area inhabited by the Chinese people.

Mr. Lin Yu-tang describes the condition in words which follow:

> It is as though a patient were safely passing through the third week of typhoid when meningitis sets in. By an old instinct, as old as life itself, every cell in the body reacts violently against the deadly foreign virus. . . . To China, the Japanese problem is immediate, acute, paramount and upsets all our calculations for the patient's normal recovery.

CONDITIONS IN CHINA—1931

The Chinese patient was in a bad way in 1931 when the "deadly foreign virus" set in. Internal affairs were in a condition of disorganization with chaos in the offing. The whole social organization was out of tune with the modern world, so that it could no longer function in a smooth and healthy fashion without a thorough purging and renovation. The peasants were ignorant, opposed to change, and permeated with a philosophy which was "vague, evasive, passive and fatalistic." Abrupt cultural changes were removing old standards without establishing new ones. Popular education, modern systems of courts, equal rights for the individual, and the political trappings of modern democracies were aliens in the lagging land of Confucius. The National Government faced its handicaps with resolve and launched a "New Life Movement" on a long and laborious social campaign. "Li," "i," "lien," "ch'ih"—four Chinese characters symbolizing regulated attitude, right conduct, personal and public honesty, integrity and honor—became the watchwords of the New Life Movement, and they glared at the Chinese masses from every vantage point where a propaganda poster could possibly be pasted.

Politically, the State in China never has been more than a by-product. The State of the Kuomintang is no exception.

When the Kuomintang established itself in power, it relied upon the force of arms. It justified its usurpation by its announced determination to implement the ideals expounded in the Three People's Principles of Sun Yat-sen. It must develop a sense of nationhood, it must achieve democracy, and it must guarantee the livelihood of the people.

The National Government was genuinely embarrassed by the privileges enjoyed by foreigners, but it often exaggerated this embarrassment into a sugar-coating for some of its arbitrary unpalatable internal measures. It tolerated no opposition parties or sentiments, it drove the Communists underground, it refused to take an uncompromising stand against Japan, and it attempted to suppress all liberal movements which sponsored agrarian reform.

Bandits flourished throughout the interior. No one could travel safely in many regions after dark, or even during the daylight hours if the cornstalks along the highways were tall enough to provide adequate hide-outs for bandit gangs.

Powerful war-lords disputed Chiang's sway over local areas, particularly if Chiang suggested disbandment of their troops or remission to the Central Government of a greater share of their tax-collections. The Generals Liu and their local rivals dominated Szechwan, the province in the Far West; Han Fu-ch'u ruled Shantung in blatant disregard of Nanking; and the Southwestern clique in Kwangsi and Kwangtung carried on an independent program of modernization and militarism which rivalled the program of the Central Government in intensity, speed and scope. Communist armies overran Kiangsi Province, and formed an effective buffer between Nanking and Canton. Chiang's actual political control did not extend beyond the ends of his bayonets, and he was powerless to enforce his own mandates anywhere except in the Lower Yangtze Valley. His orders would reach the provinces, only to be consigned to the wastebasket or to a convenient telegraph pole where they would fade into nothing-

ness before the assaults of wind and rain. But the area under Chiang's effective administration included Shanghai, with its lucrative revenues. Primarily because of these revenues, Chiang carried out the financial obligations of the Central Government in meeting payments due on foreign loans.

Political chaos and economic impoverishment went hand in hand. In Kweichow, it was said: "These are the things you will never see: three days of sunshine, three miles of level road, and a man with three dollars in his pocket." In Honan, it was observed:

> The populace is utterly crushed by taxation. The people are losing a large proportion of their crops and even their live stock in order to meet the payment of taxes. Weeds are growing rank in the fields, homes lie in ruins, village upon village is totally depopulated, and here and there a family huddles together in a shack facing the ravages of cold and gradual starvation.

In Shensi, a miserable remnant which had escaped the ravages of famine depended for life upon Chinese and foreign philanthropy. In Kiangsi, the province "west of the river," where the soldiers of the National Government carried on their fruitless campaigns against the Reds, it was written:

> The picture is one of people scratching the ground or fishing, fearing bandits, struggling for existence, with philosophic disregard of misfortune such as floods, failing friendships or bad business—dividing their allegiance between the god of war and the goddess of mercy.

The floods in the spring of 1931 had rendered homeless some fifteen millions of people and had destroyed the crops which would have fed that many more. Unfortunate refugees eked out a wretched existence in straw and mud sheds which they built anywhere they could find a place. These refugees depended entirely for their food and livelihood on their own ingenuity, on the charity of foreign missionaries, or on the

kindness of wealthier Chinese. But even the wealthier Chinese were hard hit by the world depression, so China economically and politically was just about as far down the national scale as it was possible to go. There were serious conversations among the foreigners in China about the "necessity" of armed intervention, as the only means for national regeneration.

But the Chinese found ways and means to lift themselves by the bootstraps. The vision and the determination of Chiang Kai-shek and his colleagues furnished the direction and the objective of national regeneration, while the aggression of Japan unwittingly supplied the motive and the incentive for popular support. Chiang first tackled his own national organization and took the power into the hands of the Government and away from the Party. The prestige of the Kuomintang had been badly damaged because of the decadence of its local branches and because of its utter incapability of rising above individual, petty, personal rivalries within its ranks.

Chiang did not care a fig for the positions he held for himself. Sometimes he was merely the Chairman of the Military Affairs Commission and sometimes he was nominal incumbent of half a dozen important political positions. His titles meant nothing, the actual power was always his. He placed his henchmen in strategic cabinet positions, in provincial chairmanships, and in command of the strongest military units. With regard to political unification,

> he pushed ahead with glacial persistence. If an autonomous provincial satrap got into insuperable financial difficulties, Chiang came to his rescue. If he proved himself open to no other persuasion, a neighboring general was sent against him with Chiang's military and financial support. If a regional chieftain became so oppressive as to be driven out by popular resentment, Chiang quickly moved into the vacuum created by his flight. If another proved himself so weak as to be manoeuvred into a position of disobedience to the Central authority, Chiang sprang to administer punishment. Under the guise of putting down anarchy or Com-

munism, or under the guise of replacing or strengthening local authorities driven out by the Japanese, Chiang relentlessly extended the authority of the Nanking Government.

Chiang destroyed one clique after another which contained a latent challenge to his leadership. The Kuominchun (the country-people's army formerly headed by the Christian General Feng Yu-hsiang, a picturesque, huge man who always wears coolie clothes and whose favorite breakfast is ice cream even if served at three in the morning) disappeared into the national army; the soldiers of Chang Hsueh-liang, the Young Marshal of Manchuria, announced their allegiance to Nanking; and in the summer of 1936 the forces of the Kwangsi-Kwangtung cliques came into the camp of the Central Government after a comic-opera war. The Kwangsi leaders, Li Tsung-jen, Pai Chung-hsi, and Chang Fa-kwei, were to become important field commanders in the campaign against Japan.

The sensational kidnapping of Chiang Kai-shek at Sianfu by the Communists marked the beginning of the end of the schism between the Kuomintang and the Communist leaders. This schism had always been tinged with a cloud of suspicion that it was not so deep or so fundamental as usually believed. The differences in ideological platforms (which are always taken with a grain of salt in China) would never have driven Chiang to the futile and expensive campaigns against the Communists which he launched between 1931 and 1936. His personal hatred and fear of Communist leaders could not have been intense enough to lead him to squander his cash reserves in the fruitless pursuit of Chu Teh, Mao Tse-tung, Ho Lung and others, whose names and exploits became legendary, and whose heads became the objects of stupendous rewards.

Chiang was not fool enough to believe that he could stamp out Communism by military measures, although he is supposed to have forced the resignation of T. V. Soong as Minister of Finance because T. V. categorically refused to milk the

Shanghai bankers for one more cent to pay the cost of military operations against Communists, who were also Chinese. Many of the old China hands suspected that Chiang was not pressing the Communists too hard, that he always left them a way out and that he winked at the great march into China's northwest. Chiang might have used his wars against the Communists as an excuse for building up a large army for later use against Japan; as a further excuse for giving that army training in actual combat; as a means of courting the good will of the fanatically anti-Communist foreign Powers; as a further means of silencing the Japanese, who could not accuse Chiang of being pro-Communist if he went through the motions of realistic fighting; and finally as a guarantee that the troops from the southwest could not invade Nanking as long as the Communists remained in the intervening No Man's Land.

Much to Japan's dismay, the Communists agreed to bury their differences with the bourgeois interests in the Kuomintang in the opening months of 1937. Communist leaders subordinated themselves and their party objectives to the compelling necessity of driving out the Japanese. The Marxianism of the Chinese Communist had always been of a variety peculiar to a Chinese environment and its devotion to a world revolution was distinctly secondary to the demands for agrarian reform at home. The Communists were essentially Nationalists, and their role in the kidnapping plot was intended to persuade Chiang that they meant business in their demand for immediate national action against Japan. They allied themselves formally with the Kuomintang for the duration of the war, and they transmitted to the national army the benefit of the experience they had undergone during the years when they were the foxes driven into their holes by a merciless huntsman. When the war is over, they will again have much to say about the oppression of the masses by the propertied classes of Shanghai and their appendages, but for immediate

practical purposes they are content to wear the uniforms of the national army.

While Chiang was engaged in the work of political unification, he devoted equal attention to economic reconstruction, particularly in rural areas. He encouraged the establishment of cooperatives for farm credits, farm supplies, and the marketing of farm products. He extended and improved railways and launched a program for a national network of highways. He financed projects for rural drainage, irrigation, flood control, and flood prevention. He took advantage of cooperation offered by the German Lufthansa and the United States' Pan-American Air lines to pioneer a system of airways. In the metropolitan areas he put through municipal improvements and facilitated the investment of foreign capital in native industries. Through his distinguished Minister of Finance, T. V. Soong, he put government credit on an improving basis and introduced Western accounting methods into national finance. It was a shrewd bait to hold out to future investors to show them that China operated on exactly the same kind of schedule which was prevalent in Europe and America.

The economic rehabilitation program brought appreciable benefits to the man in the street. Taxes were reduced, and Chiang did his best to wipe out the insatiable political blackmail which threatened motor-bus companies, roadmakers, and mining developers. In Central Honan, for example, one observer wrote:

> The standard of living is rising slowly. There is a steady increase in the use of white flour and luxuries, cigarettes, fancy piece goods and toilet sundries. Transport and industries have slid backwards. Rail rates are high, shippers ship at own risk, no go-down facilities are available at transfer points and the railway guards are the worst looters. Irregular taxes and "military protection" are extremely expensive. One hopeful sign is that the soldiery is better disciplined. But the Government appropriates land for roads and does not give the farmers one cent of compensation.

Social endeavors kept pace with significant economic reforms. The Chinese have always admitted the value of universal, popular education and they rededicated themselves to this ideal. One-room Kuomintang schools sprang up all over the country and capable young party workers volunteered to go out and teach in them for a salary of two or three dollars per month. Pictures of Chiang Kai-shek and George Washington would often grace the walls of the village school. Outdoor play grounds usually were marked by a usable but crude model of a basketball hoop and backboard.

The curriculum would feature the Chinese adaptation of the three R's, but the most enthusiastic part of the school program was the history period which would teach the Chinese how their own country had been treated by the Western Powers in general and by Japan in particular. The same reading aloud prevailed as in the days of Confucius, but now they were reading modern history instead of the classics. Furthermore, when they reached the classics, they read and interpreted them with a spirit of modern criticism and not with a spirit of blind veneration. Their books were written in the modern style, that is, in a vernacular which corresponds to the spoken language. Newspapers and magazines were printed in the simplest forms available, and information was sifted to the multitudes by numerous mass meetings, forums, and radio broadcasts which were received on a village receiving set. Ideas moved about as people moved about, and the Chinese horizons expanded beyond the family and the clan to the newly adopted nation-state.

Change is always a painful process, and when the body to be changed is as large as the hulk of China, it is inescapable that change must be slow, irregular and incomplete. Chiang really gave impetus to revolutions which had already commenced in political, social, cultural and economic life. What seemed to be chaos, confusion and utter anarchy was in reality the convulsions of a living nation which was unfor-

tunate enough to encounter all at once its Renaissance, its Reformation, its Industrial Revolution, its French Revolution and its Peninsular Campaign. Stouter hearts than that of Chiang Kai-shek might well have paled before the tremendous tasks involved in directing the development of Chinese nationalism. But the inertia of the national movement was all in his favor once it was aroused and started on its career. Elemental Chinese political abuses of militarism, nepotism, bureaucracy and disunity retarded its progress; jealousies for personal predominance hampered its most efficient and most constructive expression; but enthusiastic devotion to a young and growing cause drove the national movement irresistibly toward the twin objectives of internal reconstruction and international freedom.

A single dominating purpose of resisting Japan colored every phase of China's national development. Originally, the Chinese were exhorted, "Make yourselves richer"; now it became "Make yourselves richer so you can contribute more against Japan." Originally the slogan had been "Improve your social welfare," now it became "Improve your social welfare, the better to resist Japan." Originally the Chinese had been told, "You must be loyal to the Nanking Government," now it became "You must be loyal to the Nanking Government so that it can mobilize the entire resources of the nation against Japan." Roads were built, not for economic necessities but more for movement of troops, and factories were located primarily where they could be protected in case of invasion rather than at the spot where markets, labor and power would be most advantageous.

Japan itself must bear a large share of responsibility for the direction and tempo of the development of Chinese nationalism. Japan furnished the purpose, the *raison d'être* of Chinese patriotism. It can not blame the child for crying while the self-appointed guardian wields the paddle. But instead of a mere paddle, Japan lavished its man-power, the wealth of

its industrial production, and the might of its military machine in a gargantuan effort to stem the tide of enemy nationalism which it had itself created.

SINO-JAPANESE ISSUES

After 1931 the Chinese girded their loins for the long-run job of stopping the Japanese steamroller. It was evident that there was nothing to be expected from the system of collective security, and from its internationally respected policy of "non-resistance." The only procedure open to China was to bury the high hopes it had entertained from the Great Powers through the League and the Kellogg Pact, and to buckle down in preparation for "Der Tag." Immediate resistance was out of the question, but sanguine hopes for eventual success arose from smouldering despair by the gallant stand of the 19th Route army at Shanghai in 1932.

During the hectic five years which followed that heroic occasion, Chiang played the double game of cooperating with Japan on the surface, while secretly strengthening his forces for an eventual showdown. The Japanese were neither slow nor modest in the demands which they made upon the Chinese regime. The truce at Tangku in 1933 was the first of many occasions when Japan revived the technique of the Twenty-one Demands. Between 1933 and 1937 Japanese representatives repeatedly insisted that the Chinese nation should abandon its own right to independent existence and reorganize its whole spiritual, economic and political structure according to the dictates of its powerful neighbor. Of course Japan refused to accede to China's suggestions for third Power mediation; so bilateral diplomatic negotiations were carried on between unevenly matched participants.

Japan demanded and received Chinese recognition of a demilitarized zone which extended from the Great Wall to the line of the Peking-Tientsin Railway. Japanese planes were given the right to fly over the zone at will—for observation

purposes—and Japanese advisers were put in charge of the activities of the newly organized gendarmes. "Gendarmes" is a dignified word to apply to those rascals who signed up with, and deserted, any cause which promised a temporary source of funds. Japan further "persuaded" China to establish through-rail and air communications with Manchoukuo, to make arrangements for the transmission of telegrams and postal materials, and to establish customhouses at the China-Manchoukuo frontier.

Japan applied constant pressure for the acceptance of further demands, but expressed increasing displeasure with the Chinese failure to cooperate. The Chinese countered with the observation that "the face of the sheep cannot be expected to respond to blandishments in Nanking while its hind quarters are being shorn in Hopei." Japan could not bring China around to complete acceptance of its views with regard to troop movements in North China, dominance of Inner Mongolia, and establishment of North China autonomous regimes. China balked at Japan's ambitious program for economic penetration, particularly in Chahar where Japan wanted complete fiscal independence and freedom to exploit the railways and the iron mines. Japan complained that Chiang continued to help the bandits in Manchoukuo and to tolerate the impossible Communists at his own council tables. It alleged that Chiang was only lukewarm in his suppression of Chinese anti-Japanism and asserted that he should dissolve completely all boycott societies and all organizations identified with opposition to Japan, for example, the Blue Shirts and the Kuomintang. Japan encouraged more suppression of student movements, more control of the press, and more widespread circulation of Japanese advertisements and Japanese good intentions.

In the five brief years which followed the Mukden incident, Japan made tremendous political strides. It had set up the puppet state of Manchoukuo, had annexed the Chinese

province of Jehol, had blundered at Shanghai, had set up a demilitarized zone south of the Great Wall, had aimed at a Five Province Autonomy scheme and hit a shadowy East Hopei Autonomous Area, had negotiated military agreements for the partial control of the disposition of Chinese troops in North China, had peppered the length and breadth of China with advisers and salesmen, and had taken its first faltering steps in attempting to destroy the equal opportunity for the commerce of all nations.

And as Japan spread deeper and deeper into Chinese territory it left an uncreditable record in the localities which it subjected to occupation. Quoting from an official report presented by the American representative to the Opium Advisory Committee:

> [Manchuria and Jehol] constitute the one region in the world where the governing authority not only makes no effort to prevent the use of narcotic drugs but actually profits by the rapid increase of narcotic addiction. The degradation of the population of Manchuria through the increasing use of opium and its derivatives has actually come to a pass where even Japanese newspapers published in that area have been moved to protest. . . . This is a sad but illuminating example of the results of greed, of large scale poisoning of one's fellow man for gain, and an example of total disregard of the obligations which any government, de facto or de jure, which hopes to enjoy respect, confidence or recognition, has towards other governments of the world. . . . It remains to be seen whether those responsible for the ash heaps of Harbin and Mukden, Tongshan, Tientsin and Peiping, will do anything about it before they are overtaken by a retribution which all their ill-gotten gains can not divert.

The *Oriental Economist* (Tokyo) in August 1937 spoke of Japan's doing things of which it had no cause to be proud. Other Japanese sources condemned the smuggling, the unwarranted note issues, the systematic debauchery, and the appalling number of opium-sodden corpses which were un-

ceremoniously lugged from the dens to the "ash heaps" of the cities. Miss Muriel Lester described how in Peiping she encountered "doctor's offices" outside Ch'ien Men displaying Red Cross signs. Ricksha coolies would bring a "patient" there, where the pseudo-medico would diagnose the disease, prescribe opium, and give him a permit to buy all the pills he could pay for.

High taxes and pawnshops have mulcted the peasants out of every cent they can scrape together. One American writer accused the Japanese of "undermining the foundations upon which any government must build," and he listed the nefarious practices of drug peddling, smuggling, sabotaging the currency, stripping the customs and the salt taxes, acquiring property through false pretenses, changing the schools to conform to Japanese standards, destroying the universities, and protecting their own despicable carpetbaggers. "They create a desert and call it peace."

Beneath the surface acquiescence to Japan, Chiang carried on his effective measures in national preparedness. In addition to his own efforts for political unification and economic reconstruction, he invited technical experts from the League of Nations to carry out reconstruction projects. He asked British financial experts to reform Chinese currency and to put it on a sound basis. He paid German generals to operate the Central Military Academy, one of the best cadet training schools in the world, and to advise him on every phase of military strategy. He established an American aviation school at Hangchow to teach the best of his officers to fly, and he used the Italian share of the Boxer indemnity to purchase Italian planes and to employ an Italian Air Mission. Very subtly, but very deliberately, he soft-pedalled his grievances against the Western Powers. In well-worded diplomatic notes he repeated his basic contentions for international equality, but he never pressed his claims to the point of antagonism. On the contrary, he courted their good will. He took

especial care to protect their capital investments and welcomed further investment of foreign capital in Chinese enterprises. He reestablished diplomatic relations with Soviet Russia and thereby laid the basis for future Sino-Russian cooperation against Japan.

Mr. Hirota became very excited about these Chinese activities and announced that China would have to stop utilizing Europe and America to embarrass Japan. Mr. Amau, the spokesman for the Japanese Foreign Office, announced Japanese disapproval of loans and missions, and asserted sole Japanese responsibility for the peace of Eastern Asia, with, of course, the possible participation of China. Chiang retorted that the Chinese could not concede priority of interest, or financial monopoly to any foreign Power—and that included Japan.

By the summer of 1936 the issues between Japan and China had approached a climax. After the February revolution among the army units in Tokyo, and the defeat by Fu Tso-yi of Japanese puppets in Mongolia, the Japanese became more truculent. Their ambassador, Mr. Kawagoe, demanded specifically the recognition of Manchoukuo, economic cooperation between Japan, China and Manchoukuo (including the establishment of an air service between Japan and North China), autonomy of the five northern provinces, reduction of national tariff rates on a basis favorable to importers of Japanese goods, replacement of foreign civil and military advisers by Japanese, satisfaction for incidents against the lives and property of a half-dozen Japanese civilians in the interior of China, revision of Chinese school books to remove all traces of anti-Japanism, and extension of a right to Japan to station troops in China, particularly on the northwest frontier, to cooperate against the Communists.

Chiang resorted to some Oriental caginess and absented himself from the capital city so that the Japanese could not reach him personally. They had to operate through Chiang's

agents who could always evade or postpone an issue by asserting their right to refer the Japanese demands to their principal. Furthermore, Chiang felt that he could afford to be obstinate because he reflected the growing international strength of Soviet Russia and the indirect prompting of England, France and the United States. Through his able new Foreign Minister, Mr. Chang Chun, he politely but firmly rejected the Japanese demands and, *mirabile dictu*, presented some counter demands of his own.

The Chinese demanded (as ludicrous as the word "demanded" seems in this situation) evacuation of Japanese troops from Hopei and Chahar, abolition of the Shanghai and North China demilitarized zones, overthrow of the puppet regime of Yin Ju-keng in East Hopei, cessation of troop increases and troop manoeuvres throughout North China, elimination of the Japanese-sponsored smuggling and narcotic evils, and termination of undercover Japanese movements to destroy the political unity and the financial stability of the Chinese Government.

Stalemate. The diplomatic deadlock was exploited in the newspapers of both countries. Public opinion in Japan was conditioned to support any policy in China which the Government might decide upon, and public opinion in China flamed against the imperialistic designs of the Japanese. Patriotic Chinese castigated the "cowardly policy of non-resistance," demanded no more abject surrender to Japan, and voiced their preference of national suicide to the galling spectacle of Japanese troops on Chinese soil. Personal dislike of Chiang Kai-shek evaporated as an aftermath of the Sian incident, but until then many of his enemies had accused him of cowardice, and of accepting $50,000 a month as his price for curbing the popular Chinese demands for resistance at any cost. These former critics, too, added their voices to the chorus which clamored for war.

Some Chinese who stood to gain personally from Sino-

Japanese cooperation advocated continued and extended submission to the will of Japan. Compradores who worked in Japanese-owned banks and mills, Chinese laborers in Japanese factories, small shop proprietors who supported their families by trade with house-boys in Japanese homes; dock hands on the Japanese wharves in Shanghai and up-river; and the business men who got cheap prices and long credit terms from the Japanese—all these groups hated to see the end of their personal prosperity. They urged postponement of the day of reckoning against Japan, but even they admitted it would have to come.

Far and away the great majority of the Chinese shared the anti-Japanese sentiments of Lin Yu-tang who wrote in 1936:

> The entire nation is demanding war with Japan, [but] China is not quite prepared to fight. The Japanese are daily putting more fire under the boiler and then calling upon the Chinese Government to prevent the steam's escaping by any safety valve. It is an impossible task and one day the boiler will burst.
>
> The anti-Japanese feeling is the healthiest sign of China's vitality. It is as futile as it would be dishonest to gloss over this anti-Japanese feeling. All talk of Sino-Japanese friendship is trash. . . . Every Chinese, of whatever class, hates the Japanese. Mukden, "Manchoukuo," the Shanghai war and the wholesale smuggling in North China have done that for us. That is a psychological factor and perhaps the most important factor in the Far East today.

The masses shared the anti-Japanese feeling which Mr. Lin describes. Orators and publicists of the Kuomintang, the effective New Life Movement dedicated to social welfare, hundreds of newspapers written in the simplified style, and above all the Shanghai incident had made the policy of Japan, with its war potential, a brutal reality to millions of Chinese. Opposition to Japan became synonymous with nationalism and patriotism, and the dynamic sentiment reached beyond the treaty ports into the highways and byways of rural China.

When the war actually came, the Chinese were psychologically prepared to undergo the hardships and sacrifices which must be expected in a war of attrition.

Furthermore the Chinese masses had felt the economic effects of the Japanese advance. Chinese mills were declining in output, and about half of them were shut down. Silk, flour, tobacco and merchandising interests were suffering. On New Year's, 1936, 5,000 shops in Peiping alone went under. On that date, it was estimated that there were 600,000 unemployed in Shanghai, and Mr. Edgar Snow asserted that during that winter alone 29,000 corpses were picked up in the streets of Shanghai. Rural economy was insolvent. Chinese industry was suffering from export taxes, the competition of Japanese smuggling, and reduced purchasing power on the part of Chinese consumers.

The Chinese were ready to receive the popular campaign to "educate" or to "propagandize" with regard to the alleged injustices experienced at the hands of Japan. Gaudy posters advocated "Boycott Japanese Goods," "Wipe Out the National Disgrace," "Recover the Lost Territories" or "Fight Japan to Save China."

Schoolbooks, such as the "National Shame Reader," the "New Reader of the Chinese Republic," or the "New Chinese Language Reader," were intended primarily for youngsters of pre-high-school age, but they had a tremendous effect on adults who were deeply impressed by the vivid stories the textbooks told. Here is an example:

> There are two good ports in Liaotung: Port Arthur and Dairen. In the neighborhood of Dairen there lived an old fisherman and his grandson. They would go to town to sell fish in the morning and return home in the evening happily talking over the events of the day.
>
> One day the old fisherman told his grandson this story: "Nowadays it is very hard to earn a living. Thirty years ago Port Arthur and Dairen belonged to China and we Chinese could go as far as

Korea to fish. By noon our boat used to be filled with many kinds of fish. We made good profit and enjoyed good food to our hearts' content.

"But then a war between Russia and Japan devastated our village, and ever since Japan has officially occupied the area. They interfered in our business of fishing, and it became impossible even for us to row out in our boat. So we are compelled to buy fish from the Japanese fishermen and retail them. With this limitation, we can not make very much profit."

Listening to this, the grandson indignantly replied: "Well, when I grow up, I'll get these cities back."

Here is another which would certainly appeal to any bird-loving Chinese—young or old:

I am a sea gull living near Dairen. Every day I used to fly around to find food, and when my stomach was filled I would fly around the forts. When tired I perched on the tip of a big gun at the fort. There were many Chinese soldiers but they did not injure me at all. Later foreign soldiers occupied the fort and destroyed the Chinese guns. Now I have no place to rest and I spend my days in sadness.

Poems, which make little poetry when translated, supplied bellicose words for lusty childish Chinese voices:

Everybody knows the ferocity of Nippon,
Their little men insult our people,
Their minds are cunning as werewolves,
Hateful Japanese, detestable Nippon.

Patriots, stand up! stand up with weapons,
And wipe out the national disgrace. Revenge.

In some schools, the students would begin the day's work with a catechism, which lost force with repetition, but nevertheless tended to plant deeply the seeds of hatred towards Japan:

Teacher: What country do you belong to?
Students: The Republic of China.
T——: Do you love your native land?
S——: More than anything in the world.
T——: Who is the greatest enemy of your republic?
S——: Japan, who stole Korea and Formosa.
T——: How will you overcome your enemy?
S——: By reading, study and revolution. We will buy no Japanese goods, we will remember Japan's insults for generations to come, and if necessary we will die in defence of our country.

Instead of the traditional "*Left, left, had a good home and I left,*" with which boy scouts and soldiers keep in step, the Chinese chanted "*Kill, kill, kill the little black dwarfs.*" And every time a Chinese patron attended a movie, he was certain to be exposed to a patriotic short which would tell a story usually as simple as the one which follows:

A wealthy man [China] who had been suffering from the greed of a bad neighbor [Japan] was blackmailed and forced to sign a document entailing a $21,000,000 loan. [The number is always 21 —after those humiliating demands.] The bad neighbor persistently demanded payment, but the man refused on the ground that the note was signed under duress and therefore no payment was necessary. In retaliation the bad neighbor robbed the wealthy man of a vast tract of land north of his estate. The wealthy man took the case to court [the League of Nations, perhaps], but the court turned the case back to the parties because it could not enforce its judgments. The wealthy man has never forgotten this injustice and is now putting forth great efforts to get back his land.

Chinese actors put a simple tale like this into the setting of an old-fashioned "mellerdrama" and made a grewsome and unforgettable spectacle out of it. The Chinese make no apologies for their anti-Japanese program, they do not deny or belittle it, but rather feel that their national honor demands nothing less.

They had no faith in Japan's pious pronouncements nor altruistic intentions. They felt that Japanese activities were incompatible with China's sovereignty and territorial integrity. They suspected that Japan's anti-Communism was a cover-up for military chauvinism, and were not surprised when Japan stepped out on what the Chinese were convinced was the first aggressive step towards their desired domination of the universe.

PASSIVE RESISTANCE BECOMES WAR

It was ridiculously easy to find incidents which "necessitated" the adoption of the war method. First it was a missing soldier at Wampinghsien near Lukouchiao; then it was the ludicrous case of the seaman Miyazaki at Shanghai; and finally it was the assassination of an officer at the Hungjao airdrome. Reenforcements proved indispensable for the protection of treaty rights and humanity in general; there was the usual prattle about self-defense and that any time after July 1, 1937, the war in the Orient was a matter of days. Wills were determined—China would have preferred more time to prepare—but resistance was imperative because the Japanese had actually moved in. Defeat to China seemed inevitable, but victory promised nothing more to Japan than another interlude before another and more critical challenge to its asserted position of dominance.

When war actually broke out, no officials in the Chinese Government deceived themselves concerning the immensity of the task before them. They would have preferred more time to prepare, to acquire war materials, to build up reserves and to perfect a smoothly operating military machine. Nanking had been purchasing equipment from many foreign sources and had discovered numerous instances where pieces did not match. German gun-carriages were no good for Italian guns, and French bullets simply could not be discharged from different-sized British rifles. Italian-trained avia-

tors were not at home in American ships, and Chinese officers who had learned their strategy in Japan or Russia were not familiar with tactics necessary in their own country. Moreover, Chinese agriculture and industry were by no means adequate to assure the uninterrupted flow of supplies which is needed by an army at the front. A spokesman of the Ministry of Foreign Affairs issued to the Associated Press on July 16, 1937, a clear and accurate statement of the Chinese position:

> Since peace is essential for China to carry out her primary task of economic reconstruction with a view to raising the people's standard of living, we still hope for peace with honour. But should the Japanese bring forward extravagant demands prejudicial to our sovereign rights and territorial integrity, we would have no choice but to act in self-defence.

Three days later the Waichiaopu (the Ministry of Foreign Affairs) informed the Japanese Government:

> The Chinese Government is ready to exhaust all pacific means for the maintenance of peace in Eastern Asia.

The Chinese hoped for peace, because they were apprehensive of the extent to which war would develop once it would break out. They appreciated the gravity of the forces involved and they knew that war with Japan would overshadow every other issue in their long-run struggle for independence and reconstruction. They foresaw that

> . . . actual hostilities will be on a major scale and will encompass the whole of China. It will not be just a case of some soldiers in the north fighting against certain Japanese troops, but it will be a case of the Chinese nation against the Japanese nation. Trouble will certainly arise in Kwangtung, Fukien and the Yangtze Valley but everywhere it will receive the attention of the Chinese forces.

These serious words were uttered to me by the Vice Minister of Foreign Affairs, Dr. Hsu Mo, on July 28, 1937, three weeks after the incident in the North and two weeks before the outbreak of hostilities in Shanghai. When the American Ambassador to China examined the transcript of the interview on that day he was hopeful that Dr. Hsu was unduly pessimistic. But he too understood the staggering implications of the possible war.

Chiang himself made no effort to conceal unpalatable realities or unpleasant truths. He declared that the North China incident was not isolated or accidental, but was part of Japan's very definite purpose to overrun the whole of China:

> Our people must understand our national position. As a people of a weak nation we should evaluate justly the degree of our own strength. For the past few years we have bent all our efforts towards patient endeavors to ensure peace in the face of grave difficulties and grievous pain so that we may achieve national reconstruction. While there is the slightest hope for peace, we will not abandon it. So long as we have not reached the limit of endurance we will not talk lightly of sacrifices. . . .
>
> But although a weak country, if unfortunately we should have reached that last limit, then there is only one thing to do, that is to throw the last ounce of energy of our nation into the struggle for national existence. And when that is done, neither time nor circumstance will permit our stopping midway to seek peace.
>
> Weak nation as we are, we cannot neglect to uphold the integrity of our race and ensure the very existence of our nation. Let us realize, however, that once war is begun there is no looking backward, we must fight to the bitter end. . . .

From the beginning the Chinese had their eyes wide open to the fundamental nature of the conflict between the two nations. To China the issue is independent existence versus domination from Japan. China has no intention of permitting its free spirit to be shackled to the political and economic demands of its modern, energetic, restless and ambitious neighbor.

The Japanese military scheme provided for four distinct lines of penetration into China and as many areas of operations. Manchoukuo constitutes the first area. News from there has always been scant and unreliable. But it is known that intriguing Koreans have filtered across the border in the Chientao sector and have forced Japan to resort to the strictest martial law in order to prevent an inspired revolt of the 25,000,000 Chinese in Manchoukuo. The best of the Japanese troops have been massed along the Siberian frontier in anticipation of possible war against Soviet Russia. The situation in this first area has been under constant control, but it would become extremely serious if the Chinese in Manchoukuo were to receive material supplies from Russia and spiritual encouragement from the south as a result of a decisive military setback in North China or the Yangtze Valley.

The second area of operations has been in the North China sector. The main Japanese military lines have paralleled the railways which extend from Peiping:

1) through Inner Mongolia, to Suiyuan;

2) through Hopei and Honan, towards Hankow;

3) through Hopei, Shantung and Anhwei, to Nanking.

Secondary military lines have followed the communications routes from:

1) Tatung (North Shansi) through Taiyuan to Tungkuan, on the Yellow River, thence westwards into Shensi;

2) Taiyuan eastwards to Shihchiachwang to Tsinan to Tsingtao;

3) Chengchow to Kaifeng to Hsuchowfu to Haichow. This is the route of the Lunghai Railway

The better trained divisions of the Chinese Central Government, reenforced by troops of Kwangsi and Yunnan, have made the Japanese pay dearly, if not disastrously, for advances in this area. Even if a Peking Provisional Government, or a Political Council under Wang Ching-wei, or an eventual "Hua Pei Kuo" or independent North China Five-Province

Autonomous country were to report that it had pacified this area, it would actually exercise control over nothing more than the communications arteries. The back country has been completely devastated and will produce for export no cotton or food supplies without further employment of thousands of workers and the ultimate investment of millions of dollars.

The third area of operations has been in the Yangtze Valley. It is intersected from north to south by the Peiping-Hankow and the Tientsin-Pukow railways, and from west to east by the Yangtze River and the railway from Nanchang to Hangchow. The Japanese army and navy cooperated in the fall of Shanghai, Nanking, and Hankow, and they may continue to chase Chiang Kai-shek beyond Chungking into the mountains deep in West China. The Japanese may be able to dominate the rivers, the highways and the railways in this area, but again it is doubtful if they can administer profitably the hinterland.

The Chinese population is hostile and withholds supplies of foodstuffs. This means that grain for the invading soldiers has to be transported from Japan at an appreciable cost. Foraging raids into the interior are impossible because of the topography. Farms are cut by irrigation canals which impede the movements of trucks, big guns, and mechanized military units. The Chinese are counting on an old proverb which says "You can conquer a country on horseback, but you can't rule it from horseback." In other words, the Japanese may spread their soldiers the length of the Yangtze Valley, but they are certain to meet insurmountable difficulties in the peaceful and economic administration of the obstreperous back country.

The fourth area of operations has been along the China coast. Here the Japanese navy is in its glory. It controls Foochow, Amoy, Swatow, Canton and the lesser cities, and from these coastal points it launches periodic military and air raids into the interior. The Japanese have penetrated into South China as far as Nanking, and then have freely evacu-

ated to the security of the coast towns. The navy has already occupied strategic islands, over the protests of the foreign Powers, and has extended its sphere of control deep into the naval preserves of France, England and the United States in the South Seas. It enforces the blockade which cuts off China from its foreign sea-borne sources of military supplies. It participates in the administration of Shanghai and stands ready to take over all the sovereign rights of China in the International Settlement. The Japanese navy looks forward to the operation of all coast and inland shipping within China, and the complete collection and disbursement of the Maritime Customs. China is in no position to oppose the Japanese navy, but the navy is sailing in treacherous waters, so far as the interests of the Great Powers are concerned.

The military penetration of Japan into China has been characterized by extreme brutality and utter ruthlessness. The reports of foreign missionaries and journalists can not be dismissed as Chinese propaganda. These reports carry unbelievable tales of wholesale slaughter, unbridled rapine, and unlimited looting. They have created worldwide sympathy for China in its agonies and have completely dissipated the Japanese army's vaunted reputation for discipline and sympathetic consideration for Chinese civilians.

Economic consolidation has marched hand-in-hand with military penetration. Japanese *commerçants* have followed the soldiers and have taken over the railways, the shipping lines, the power and light companies, the radio, telegraph, and telephone companies, the water works, the bus companies, and factories of every description. The Nippon Paint Company monopolizes the export of tung oil; the Central China Silk Company dictates the production of silk in China; and Japanese interests control every little cotton mill, paper, match or flour factory which some struggling Chinese had mortgaged his family fortune to establish. Many times these plants had been partially destroyed or gutted by the ravages of war.

Then Japanese agents would approach the Chinese owners and suggest plans for remodelling and reopening the business. The Japanese would issue new capital stocks, divided between the new Japanese and the old Chinese parties. In payment, the Japanese would offer their services and the Chinese would offer the ruins of the plant. And when profits from the revived enterprise would begin to flow again, the Chinese share would be confiscated by the new Board of Directors (always two Japanese and one Chinese) as a payment for "military protection."

The operation of the Central China Sericultural Company illustrates the Japanese process of deriving material benefits from its military victories. The Company, established in June 1938, took over five damaged mills in Wusih and one in Soochow. Its capital of 8,000,000 yen was obtained by the capitalization of the Chinese plant at 2,000,000 yen, by an actual investment of 3,000,000 yen by three private Japanese silk firms, and by a real or fictitious credit of 3,000,000 yen to "others interested in the industry." The business of the Company is entirely monopolistic, but it is regulated to "minimize any ill effect upon the sericultural policy of Japan." By this policy Japan will continue to produce the best silk thread for export, while Sino-Japanese plants in China will produce inferior qualities for domestic consumption or for mixed silk and wool goods. The Company will export its goods through the Mitsui organization. Although limited to cities in the hinterland of the Yangtze Valley at present, the Company will eventually serve as the agency through which the Nanking government expects to control the supply of cocoons and the standardization of finished products of the independent silk mills in Shanghai itself.

The Japanese Government has kept its official hand in the process of economic monopoly. It has established the North China Development Company and the Central China Development Company as superholding companies for the integra-

tion and regulation of all subsidiary enterprises in China. Then it has created in Tokyo the China Affairs Board which is responsible for the supervision of financial, currency, and trade policies adopted to make effective and to exploit most abundantly the projects initiated in China.

Political penetration, follow-up measures for administering the conquered territories, have been confined to the inauguration of helpless puppet regimes bolstered by Japanese advisers. In December 1937 a Provisional Government was inaugurated in Peking for the announced purposes of abolishing the Kuomintang, eradicating Communism, enhancing cordial relations with friendly powers, developing industry, improving the people's welfare, and bringing the most able men throughout the world into the administration of the new regime. The "most able men" were headed by an obscure politician named Wang Keh-min whose only claim to fame and fortune resulted from his occupancy of the post of Finance Minister in the old Peking governments which flourished during the screwiest and crookedest days of the war-lords' Nirvana.

Four months later amid the popping of firecrackers and the chanting of a new "national anthem," and under Japanese stage management, a big parade and inaugural ceremony introduced to the world the new Reformed Government of Central China. The Japanese-dominated officials left their Shanghai hangouts for one day, in order to be present at the dedicatory speech-making. The titular head of the Reformed Government had been in retirement since 1924 when he had been identified with the pro-Japanese Anfu regime; the Minister of Justice was the father of Maria Wendt, who is serving a ten year sentence in American Federal prisons for opium smuggling; the Finance Minister was a pre-Revolution official who retired in 1916 when he ran into legal difficulties over embezzlement charges; and the Minister of Foreign Affairs (later assassinated) had been a Chinese delegate to the League of Nations when he was beaten by Chinese students in Paris be-

cause he was pro-Japanese. These men were unfortunate choices so far as giving strength to Japan was concerned. They were notoriously corrupt, and utterly without administrative ability. These factors make pliable puppets, however.

The Japanese attempted to consolidate these regimes and add to them the feckless Ta Tao Government, or Japanese-sponsored Municipality of Greater Shanghai. Some Japanese opposed consolidation on the ground that separate regional administrations would continue more amenable to Japanese demands. But others wanted an all-China administration which might be headed by more respectable and more favorably known personalities, like Wu Pei-fu and Wang Ching-wei. These men were believed to favor coming to terms with Japan because of the hopelessness of further resistance. Since peace would mean the preservation of many Chinese lives and much Chinese wealth, they could argue genuinely that they were not traitors and were not unpatriotic, in their negotiations with the Japanese overlords. Wang was the more gelatinous of the two and seemed more likely to accept rigorous Japanese conditions. When Wu was first approached by the Japanese to head an all-China regime, he is supposed to have answered: "Yes, on two conditions. First, that all Japanese soldiers retire immediately and, second, that Chiang Kai-shek approve my appointment." Even after the surrender of the Wuhan cities and the loss of the entire China coast, he still insisted upon autonomous control of finance, foreign affairs, and the army, which manifestly the Japanese were unable to grant. When Marshal Wu died in December 1939, Wang remained as the sole object of Japanese machinations.

On March 30, 1940, Wang Ching-wei was inaugurated as the true successor of Sun Yat-sen and as the head of the legitimate Kuomintang Government of China. The older Nanking Reformed Government was absorbed into Wang's regime and the Peking Provisional Government became the North China Political Affairs Commission, retaining control over Hopei,

Shantung and Shansi. Wang's platform proclaimed policies of the good neighbor, peaceful diplomacy to establish peace and the New Order in Eastern Asia, respect for the legitimate rights and interests of friendly Powers, rehabilitation of the troops of Chiang Kai-shek who might desert to the new government, reform of the economic system, elimination of "misleading tendencies" in the Chinese educational systems, and recovery in principle of the army, judicial system, customs, Salt Gabelle, and foreign privileges with regard to troops, gunboats and missions.

Wang announced that Nanking would henceforth replace Chungking as the capital of China and that the readopted Kuomintang flag would carry the phrases "protect the public and oppose the Communists." Wang's Government passed resolutions to liquidate the Chungking regime, to invalidate their laws and decrees, to command all their forces in the field to cease hostilities, and to order all civil servants in Chungking to return to Nanking for duty. In theory, Wang was to act for President Lin Sen pending his return to the fold.

This subterfuge enabled Japan and Wang to side-step the problem of recognition. Since, in theory, Wang supplanted Chiang as the legitimate successor to the Government founded on the principles of Sun Yat-sen, it would be considered superfluous to invite recognition from the United States, England and France. Recognition would be welcomed if freely granted, but it would not be sought after. Secretary Hull wasted no time in making his own position clear: unalterably opposed to Wang and continuing to recognize the Government at Chungking as the Government of China.

Optimists, including Wang's Japanese supporters, hailed the inauguration of Wang as the dawn of the New Order. They pictured Wang as a patriot, not as a puppet, and as a door for Japan's approaches to Chiang Kai-shek. They declared that Wang would not sell China down the river, but that he would use his wiles for insisting upon China's rights

vis-à-vis Japan. On the other hand, pessimists declared that Wang was a traitor par excellence, thoroughly selfish and incompetent, surrounded by a congeries of nincompoops who had expensive tastes and flat pocketbooks, and completely calloused to the welfare of his native country. Chiang called Wang's Government a government of slaves of utter moral depravity and an insult to the will of the Chinese people. Chiang declared that there would be no pardon for Wang, and that China would carry on in spite of the surrender of his cowardly ex-colleague.

Wang's government has sailed through turbulent waters. Its finances have been precarious collections of taxes upon opium, land, houses, general sales, commerce and rolled tobacco. Its currency has never achieved stability nor acceptability because it could not depend upon the security of the Customs collections which nestled in the vaults of the Yokohama Specie Bank. Its agricultural and industrial policies reeked of exploitation. It dispossessed Chinese farmers of their holdings and offered them nothing for seeds, tools, animals, markets or credits. It confiscated factories and subordinated trade to the needs of the Special Service Department of the Japanese army. The army itself took over and operated the public utilities, while the entire government set-up neglected the welfare, the relief and the health of the unfortunate Chinese inhabitants.

The people experienced too much murder, burning, looting, raping and hunger to rally to the support of the new Nanking Government. The Japanese recognized Wang's embarrassments and delayed their formal recognition until November 30, 1940. Because of their desire to stabilize or regularize their relations with China, and perhaps to use Nanking as an approach to Chiang Kai-shek, the Japanese dignified their new creation by entering into formal treaty relations. General Abe, for Japan, and Wang Ching-wei, for China, signed four documents: a treaty of basic relations, a

protocol covering military arrangements, a supplementary political understanding, and a joint political declaration.

The treaty provided for cooperation to establish a New Order on an ethical basis; eradication of hostile propaganda or whatever was destructive of mutual amity in politics, diplomacy, education or trade; joint action against Communism; stationing of Japanese troops in Inner Mongolia and North China; special Japanese rights over Chinese natural resources, particularly the minerals of North China and Inner Mongolia; rationalization of Japanese and Chinese economic supply and demand; and eventual abolition of Japanese privileges of extraterritoriality and concessions in consideration for rights of residence and trade in the whole of China.

The protocol extended to the Japanese military the right to take whatever measures were necessary for the prosecution of hostilities and obtained for the Chinese the promise of Japanese evacuation from all but Inner Mongolia and North China within two years after the restoration of complete peace.

The supplementary understanding was a bid for further Chinese support. It restored to Wang the nominal management of mines, industries and commercial establishments in the hands of the Japanese army; it conceded to him the sovereign power of tax collection; it revised the contracts for joint Sino-Japanese enterprises so as to give an added share to the Chinese; and it recognized tariff autonomy, with the proviso that there should be Japanese advisers for the duration of the China Affair. The Japanese hoped that by leniency and consideration for Wang they might induce other Chinese leaders to desert Chiang, or to come out of their hiding places in the border territories, and to line up behind the banner of the Wang regime.

The joint declaration was a tripartite Japan–Manchoukuo–China statement of joint recognition of each other's territory and sovereignty, of joint defense against Communism, and of complete economic co-operation.

The Government of Japan hailed these arrangements as "a harbinger of spring, like daffodils which come before the swallow dares," or as a joint defense "against England and the United States, who seem overconfident of their strength as they prepare to take over the role of watch dog in the Far East." The Axis partners of Japan did not even bother to attend the ceremonies, while Secretary Hull repeated his announcement of continued recognition of Chiang Kai-shek. Chiang announced a $100,000 reward for Wang's head, and alleged the existence of secret articles by which the traitor surrendered naval bases and agreed to indemnities. He declared the treaties to be void of all legal force, and he stigmatized the entire proceedings as evidence of bankruptcy of Japan's aggressive policies.

Certainly the puppet regimes have not produced the results which Japan hoped for. Chungking has continued as jubilant as ever, and as adamant that there can be no peace except on the basis of complete evacuation of Chinese territory by Japanese troops. Wang Ching-wei and his puppet colleagues could claim control over only 70,000,000 Chinese inhabitants; while Chiang holds firmer sway over twice that number. The remaining 250,000,000 Chinese live in the uninvaded disputed areas. In spite of the tremendous problems of food, relief, reconstruction and rehabilitation, Chiang's administration has increased in virility and his organization has weathered personal rivalries and party splits.

CHINA'S ADVANTAGES

The war is not completely hopeless for China. So far as military machines are concerned, China is out-classed. But it possesses a reserve of man-power which may prove decisive. Soldiers have climbed in the Chinese social scale. They are no longer looked upon as mere parasites, but now they are respected as patriots. They have given an excellent account of themselves in hand-to-hand fighting and they have maintained

commendable discipline in spite of hardships and retreats. Their supplies are homemade, crude and ineffective. Yet they are so potent that they have knocked a half-million of the enemy *hors de combat.*

Guerilla warfare is cheap and easy for China, but it is expensive and difficult for Japan. Chinese mobile units can not be bombed or barraged, so the Japanese are forced to dig in, to build barracks, and to spend huge sums on an army of occupation. Even then it can not produce decisive results against the well organized and expertly directed Chinese guerillas. Japanese supplies, including the food they eat (which has become so bad, according to the guerillas, it is not even worth stealing), the clothes they wear, and the munitions they shoot must be brought over from Japan. This traffic disrupts normal Japanese export trade and diverts Japanese labor from gainful employment. Incidentally, it requires at least four Japanese behind the lines to supply every one of the million Japanese soldiers in the lines on the Asiatic mainland.

The Chinese recruitment policy taps inexhaustible reserves of man-power. The eight provinces remaining under Chiang's control provide for him an estimated 80,000 men per month who receive more or less training before they are sent to the front. Every male from eighteen to forty-five registers and is subject to service in the "Militia of Righteousness and Bravery." It is a kind of conscription, but lax enforcement machinery makes no effort to catch those who would dodge the draft. China has experienced no soldier shortage and finds its greatest problem in giving a modicum of drill and training in advance of the actual baptism of fire.

China's vastness makes well-nigh impossible the Japanese tasks of occupation and administration. In the early days of the war it was comparatively a simple matter to send troops up the railways, highways and rivers and to overrun the great plains areas. The cities offered but little resistance to tanks, planes, and artillery, but it is different out in the country

where the going is tougher. Penetration was as simple as sticking one's arm into soft glue, but withdrawal will be difficult. The hills of Shansi are perfectly adapted to guerilla warfare, and the mountains west of Hankow defy any modern Hannibals. Irrigation ditches and cross canals in the southern area of Changsha swamp the gun carriages and the trucks which were formerly able to scoot ahead twenty miles per day in the northern plains. It was easy to chase Chiang and his army out of Nanking and Hankow; it was but little more difficult to dislodge them from Hsuchowfu and Chengchow; but it will be a real feat of arms to drive them out of their mountain lairs in Szechwan.

The farther into the interior the Japanese penetrate, the less they can rely on the navy. The navy blockades the coast, it has silenced opposition in the coast cities of Foochow, Amoy, Swatow and Canton, and it transports men and supplies up the Yangtze River. But Hankow is the head of navigation and men-of-war can not shoot the rapids of the Yangtze gorges. During the high-water season in the spring and early summer, the Japanese boats can patrol the larger rivers and the great lakes, but when the waters subside, there is nothing to do for weary Japanese infantrymen but to drag themselves through the muck and swamps where the waters have been.

The climate is a definite ally of the Chinese. In the summer time the hot humid days of the Yangtze Valley take terrific toll of human lives, even if no war is in progress. Cholera, dysentery, typhoid and smallpox flourish in crowds, in military camps, or in refugee areas. These diseases are highly contagious and only partially controlled by vaccine and inoculation. Marching, with a heavy pack, under a broiling sun in an atmosphere so humid that it rains without dropping, deters even the callous Japanese from grandiose military manoeuvres.

China's self-sufficiency has forestalled an economic crack-up in the face of Japanese occupation. China lives at a level just above starvation, but it meets most of its needs from its own

resources and its own production. Foreign trade plays no role at all in the daily lives of millions of Chinese. Many farms have been destroyed under the "scorched earth" policy which dictates that a farmer shall burn his holdings rather than permit them to fall into the hands of the invader. In the occupied areas, many deserted their farms, but those who remained have been able to provide for themselves and their families. In many cases they sell their surpluses to the Japanese who pay at least in the depreciated war notes which each Japanese army prints for itself and forces upon the unwilling natives. But in the areas where Japanese occupation is incomplete, the Chinese officials are encouraging the establishment of cooperatives for rice, wheat, and cotton. These cooperatives, formed on Scandinavian and Indian models, enable the farmer to buy his seeds cheaper, to borrow capital on favorable terms, and to hold his crops for sale until prices are favorable. Home industries are being subsidized and established in interior cities beyond the range of enemy guns. Before the war, industries congregated at Shanghai or the port cities, where the labor supply was best and where the foreign entrepreneurs lived on the most luxurious scale and closest to the ships from home. Moreover, the blessed privileges of extraterritoriality were most readily enforceable in the foreign concessions. But now the valleys of the To and the Min in Szechwan are deemed the most suitable regions for the textile, alcohol, chemical, paper, match, flour and steel factories which are blossoming into existence, and Szechwan, Kweichow, Yünnan, Kansu and Shensi are the provinces slated for immediate development. The war has changed the direction of Chinese industrialization away from centralization and urbanization, and is bringing the factory whistles from the coast to the interior. In this manner a machine civilization may bring its blessings to millions of backward people in the interior quickly, and without the worst evils which have always attended the slums in metropolitan industrial areas.

Chinese systems of communication have derived some benefit from the war. Wherever the Japanese have entered, they have of necessity improved the railways and highways for their own purposes. In the interior the Chinese have modernized the tribute highways over which the bearers of rice, silk and precious treasures would carry their gifts from provincial capitals to the imperial court at Peking. Automobiles ply between Yünnan, Nanning, Kweiyang, Chungking, and Chengtu. The spectacular road from Yünnan to Lashio at the head of the Rangoon Railway is matched by the motor caravan route from Kansu to the Russian border. Isolation is a thing of the past, and peacetime resumption of travel may open new worlds for tourists in these Central Asian arteries of commerce.

Early during the hostilities, many Chinese railways were deliberately dynamited to halt the inrush of the Japanese. Tracks were torn up, but in many instances they were moved to the interior, relaid, and used to tap new sources of supply. The railway parallel to the Yangtze River from the coast to Nanchang, the railway from Kowloon to Canton, and parts of the Lunghai fed munitions to the Nationalists until taken over by the Japanese after three years of fighting. New lines are now projected leading into Yünnan, into Kweichow and into Shensi, but they can not proceed far without huge quantities of foreign capital for construction and development.

Airlines intersect interior China and connect with British lines to Rangoon and Hongkong, with the French line at Hanoï, and with the trans-Pacific Pan-American at Hongkong. Germans, Italians and Russians are ready to expand their services to and through China, but nothing substantial in the way of civil aviation can be expected as long as the skies above China are black with hostile Japanese-owned bombers built in America, Italy and Germany.

Chinese finances are no more precarious than Japanese national finances. Self-sufficiency and a minuscule national budget

account for the Chinese ability to pay for the war as they go. The Maritime Customs revenue has been diverted to the coffers of the Yokohama Specie Bank, and the Land Tax has diminished as a source of Chinese revenue. War profits taxes, income taxes, and transit taxes have increased; voluntary contributions from the wealthier at home and from the Chinese overseas have contributed to the war chest, and internal loans approximating $1,500,000,000 have been floated for prosecuting the war. Some credits have been available from foreign countries, and the most important of these have been American and British credit which delayed the collapse of the Chinese dollar on the foreign exchange market. The Chinese have suspended payments on their foreign obligations and have set aside their accumulations of silver at home and abroad for war purposes. The Chinese national budget is ridiculously small, because of the small number of services which the Chinese pay for out of their national funds. Huge expenditures for navies, armies, public works, are unexpected in China; consequently China will operate in a normal year on a budget less than one-twentieth the American federal budget. War does not have the same dislocating effect in China that it has in Japan, for instance, and the increased expenditures for the Chinese national army are not tremendously greater than the sums suspended from payment into the account of foreign loan obligations.

On the social or spiritual side, China's armor has proved strongest. And this is the side which is most exposed to strain. It is not too much to say that the war in the long run is a race between the Chinese morale and the Japanese economic machine. Which will crack first?

The New Life Movement in China has been a systematic effort to spread patriotism and to toughen the moral fibre of the individual on the theory that the improved morale of the masses of individuals would automatically constitute a superior moral fabric for the nation as a whole. Its success has

been phenomenal, as can be demonstrated by the Spartan manner in which the Chinese have met their adversities. In the words of Chiang:

> The struggle has galvanized the people with a patriotic singleness of purpose, it has developed a national spirit of sacrifice hitherto unknown . . . it has shown a spirit to resist of greater importance even than superior equipment, and above all has shown that Japan is far from invincible.
>
> The morale of the people is remarkable, even among those millions who have lost their all and have seen their fellows blown to atoms or slain in cold blood. The endurance of the Chinese people has been tested as never before and has proved unyielding.

Mme. Chiang repeatedly has predicted disaster for the Japanese military machine which can not overcome "the capacity of our people to endure suffering and their determination to struggle and to continue unrelenting resistance." She has asserted:

> Above all there is the time-honored tenacity of purpose of our race, the infrangible influence of our philosophy and the sustaining power of our culture, which have enabled us alone as a nation to survive through the centuries, and overcome great national calamities such as floods, droughts, and epidemics, as well as years of fatuous civil wars.

In the midst of atrocities and horrors, which are not figments of the imagination as were many of the atrocities during the world war, the Chinese have supported the government fully "with one heart and one purpose." As the refugees move inland with their incredible tales of terror, they fill their compatriots with an abhorrence and hatred which knows no bounds. One Chinese writer comments, perhaps a bit too much on the wishful side:

> There is no complaint against the government or its leaders, only hatred and bitterness against Japan; and there has been no

disappointment shown at any retreat or defeat since the war began. . . . Everybody buys government bonds willingly, and everyone contributes without hesitation for the purchase of military supplies. The farmers offer to repair roads and railways that are bombed and ask no pay nor food. Last month the merchants in Shanghai announced that they would endure any sacrifice rather than accept a humiliating peace. Those who are abroad show no less patriotism. Every merchant, every laundryman, and every employee in the restaurants in America, bearing the Chinese name, is contributing generously to aid his mother country.

Four hundred million Chinese are acting as one person. They are united in pursuing one single course . . . because they would rather die as Chinese than live as slaves of Japan.

In spite of rigorous censorship, the current press of China features articles, pamphlets and books which explain to the Chinese their necessity for united resistance. Screaming, blasting bombs have told the story more clearly and to many more people than the printed word could ever hope to reach, but the trenchant pens of the Chinese give intellectual reasons for the emotional resentment which is universally felt. Some selected titles taken from the shelves of the Chinese American Bookstore in Shanghai include: "What Made China a Semi-colony"; a 294-page book on "The Sino-Japanese Conflict"; a Chinese translation of Mr. Timperley's 292 illustrated pages on "Japanese Atrocities in China"; "The United Front of the People versus Japan," telling how to win the war in four easy chapters; "The Philosophy of Long Time Resistance" by the Communist leader Mao Tse-tung; translations of Marx, Hitler, and Lenin; studies of Imperialism, and limitless pamphlets containing war stories, anecdotes of individual bravery, the development of the northwest, and the messages of Chinese Communist leaders.

The Chinese fancy for arm bands and slogans has been attracted to a "National Spiritual Mobilization Movement." When a pledger signs up with the movement he takes a whole series of oaths not to violate the tenets of Sun Yat-sen,

never to be a traitor nor a good citizen of the enemy country, never to participate in any traitorous organization, never to act as a soldier or a guide or an informant for the enemy, never to buy enemy goods, nor never to sell foodstuffs or any other articles to enemies or traitors. It is of course over-optimistic to predict endless stick-to-it-iveness on the basis of the devices for preserving morale which have been tried and used, because there must be an end to the hardship and suffering which any human being can possibly endure. But the Chinese have demonstrated their ability to "take it," and the national leaders see very clearly the necessity for continued high morale if there is to be anything like a Chinese victory.

There are weak spots in the Japanese position which may be counted as favorable factors to China. The schisms in the Japanese military command lead to indecision and inactivity which is fatal to Japanese strategy. Schisms, for example, permitted the orderly retreat of the Chinese army from Hsuchowfu and gave the fleeing Chinese units from Nanking precious time to reorganize themselves, and to retire more or less gracefully up the Yangtze Valley. Time and again Japan has nullified the effect of its own sledge-hammer blows by permitting the Chinese the time and the means to pick up and reassemble the pieces. The myth of Japanese invincibility disappeared with the defeat of the Japanese at Taierchwang. The Japanese used to have the Indian sign on the Chinese, but the Chinese are no longer scared by Japanese shadows.

Political administration of occupied areas has proved a tough nut to crack. The Japanese army is jealous of civilians. Carpetbagging Japanese individuals are swarming into new areas in search of dollars and in defiance of civil and military alike. The army has gone into business on its own. It has printed its own notes and has sold civilian supplies through its Special Service sections, so that it may get some of the profits which would otherwise accrue to private development

companies or perhaps Mitsui's or Mitsubishi's commercial agents. And the Japanese have found it difficult to persuade worthwhile Chinese to become puppets or to cooperate with the new governments which Japan has set up. In this connection it is worth emphasizing the connotation of the phrase "Nanking Government." Before December 1937, "Nanking Government" referred to Chiang Kai-shek; since that time it has been used to refer to the Japanese puppet regimes which have sought to concentrate political authority in the China of the New Order. When news despatches tell of the anti-British resolutions of the Nanking Government—remember this Government is the camouflage for Japan and it is not the pre-1937 Nanking Government of Chiang Kai-shek.

Success in the administration of the hinterland depends upon the accessibility of the Japanese army. Of 800 *hsien* or counties, located in the provinces occupied by Japan, only 60 have magistrates appointed and carrying out the duties of their office in accordance with the decrees of Japan. These 60 are within easy reach of the railway zone, the other 740 are subject only to occasional raids from Japanese garrisons. In the interims between raids the old Chinese-appointed officials collect taxes for the Government as usual, distribute information for the use of guerillas, and make themselves general nuisances for the invading armies.

These things add to the cost of the Japanese campaign. Every day the war drags on costs the Japanese another $5,000,000 aside from indirect costs, and the Chinese policy has been to add to the staggering total every possible annoying expensive item, no matter how small or insignificant in itself. Blow a locomotive off the track, it is for the Japanese to put it back; steal a truck load of munitions or equipment; annihilate an isolated sentry or garrison; burn the supplies on the station platforms; cut the telegraph wires; blow holes in the highways; poison the water supplies; adulterate the grain sold to the army; wreck the currency structure—anything to pile up

the expenses of occupation. And well the Chinese know, that expenses in China further strain the top-heavy Japanese economic machine at home. Japanese peasants' backs bend a little deeper to pay for the privilege of sending a beloved son to his grave in China, industrial barons wax a little fatter and a little richer, and the social chasm between the poor and the rich yawns ever wider until it seems that both walls must collapse from the lack of mutual support.

Japanese opinion is whipped up to fever heat in its support of the Government's policy, but opinion is not the driving force that it is in China. In Japan, the leaders must drag opinion; in China the leaders must keep up with public opinion. The Japanese masses do not have the charred and bloody evidences of battle to sear their souls and poison their minds with hatred of the enemy. They are fighting only for an ideal, and the attractions of any war for an ideal are puny when compared to the stark reality of fighting for life itself. There have been no evidences of grumbling at higher taxes, and protesting against the needless slaughter which is being demanded for the establishment of the enigmatic "New Order in Eastern Asia."

China enters on the credit side of the ledger the judgment of world opinion which praises China and condemns Japan. On the contrary China knows that the almighty dollar is a louder talker and has influenced the United States to provide for cash the sinews of war to Japan. China fears that if Japan wins a complete and decisive military victory, British and American business men might be tempted to provide the capital to Japan to develop its conquest. For example, what does a steel man selling in China care whether he sells to a Chinese proprietor or to a Japanese owner? The only thing the steel man is interested in is his profit from a sale to somebody. But China is hopeful that in self-respect, if not in consideration for any judgments of right or wrong in the present controversy, the United States and other Powers will come to

China's complete rescue. World opinion is intangible, but if it is persistent enough, it might easily exercise a determining influence in China's favor. Japan is more sensitive than China to the baffling cross currents of international politics.

CHINA'S WEAK POINTS

But there are many weak points which China must face and the weakest is indeed the military situation with which the country is faced. In the graphic words of Hu Shih (New York, December 4, 1938):

> China is literally bleeding to death. We have suffered one million casualties. We have vast territories being occupied by the invading armies. We have lost all the important cities on the coast and along the Yangtze River. Practically all the cities that are generally known to the outside world as centers of commerce and industry, of education and modern culture, of transportation and communication, are now either devastated or occupied by the invader. Of the 111 universities and colleges, more than two-thirds have either been destroyed, occupied or disabled; and the very few that are functioning in the interior are working without equipment and under constant danger of air-raids. And in addition to the vast numbers of casualties in the fighting forces, there are now 60 million civilian sufferers who have been driven from their destroyed homes, farms, shops and villages, and who are fleeing the invader and are roving the country without shelter, without medical aid, and in most cases without the barest means of existence.
>
> And now most serious of all, China is now entirely cut off from all access to the sea. We have to rely upon three back doors for future war supplies from abroad, namely the overland route to Soviet Russia, the route through British Burmah, and the route through French Indo-China. . . . So for the present we are actually completely cut off from the sea and from the sinews of war. This also means that we are faced with tremendous difficulties in sending out our exports with which to secure our foreign exchange.
>
> This is our present situation. Have I overstated the case in saying that China is literally bleeding to death?

There is no solid basis for expecting that the military situation will change for the better. It takes money and equipment to fight modern wars. It takes experience, trained leadership, and an industrial support in the background which China simply does not have. The much advertised counter-offensives might drive the Japanese out of a village or two but they strike insurmountable snags where the Japanese have dug themselves in and protect themselves with artillery, tanks, and modern guns. Frontal attacks, or positional warfare, are all on the side of Japan, and the Chinese do not have much hope of any military victory except the last one.

The Japanese may renounce further advances, dig in and give up the idea of liquidating Chiang Kai-shek. Their economic objectives in China do not demand any further military activities. They may occupy the railways, highways, and erect permanent garrison headquarters in strategic centers. This will enable Japan to cut down on its consumption of imported war materials and to conserve its strength for a struggle against Russia or perhaps enemies among the "democracies." There is no real stalemate as long as the Japanese armies can move about China as swimmers in a swimming pool. Guerillas are no great embarrassment, they are just annoying. In the rich Yangtze delta, the countryside is settling down to conditions approaching normal. Guerillas degenerate sometimes into mere bandits and create more havoc among the villagers than among the soldiers.

It would be dangerous to attribute permanent feelings of bitterness and hatred to the conquered population. The Chinese are an extraordinarily adaptable people, and small groups may cooperate with Japan for mutual economic gain without waiting for complete military pacification or grandiose economic regimentation. One American in 1941 en route to Chungking stated that the truck on which he rode was laden with Japanese goods which had been bought by the chauffeur and the mechanic for resale in the heart of Free China.

An observer testifies to the conditions at Ningpo where the Japanese navy is supposed to blockade the port. But the local Japanese Chamber of Commerce conspires with the Ningpo merchants' guild to circumvent the restrictions on trade. By tacit agreement, rice and tea come out of the interior, pass under the noses of the Japanese sentries, and continue on their merry way to Shanghai. In exchange, a multitude of Japanese articles come into the port at Ningpo, climb upon trucks or railway cars owned by Wang Ching-wei, by the Japanese army, or by local agents of Chiang Kai-shek, and whiz inland towards Nanking. When disagreements disrupt the Sino-Japanese harmony, the Japanese navy goes through the motions of a landing party and the antiquated Chinese cannons on the hills fire a salvo towards the sailors. The Japanese retreat. Then Ningpo stages two victory parades: one for the Japanese, and one for the brave Chinese defenders. The clandestine traffic reappears, and then to climax the story of Oriental intrigue, the vehicles on the way to Nanking, regardless of ownership, all pay tribute along the highway to guerillas, regular troops, and even the soldiers of the Fourth Route Army, who wear hammer and sickle arm-bands, but who are ostensibly in the service of the Chungking government.

Defeats have meant discouragements and the disaffection of some important leaders. Wang Ching-wei has had an important following, and provides at least a name behind which the Japanese can masquerade in their government of China. Wu Pei-fu had always been dangerously on the fence and I suspect that there is a lot of Japanese money finding its way into the pockets of lesser lights who might form convenient window-dressing. Some Chinese are still suspicious of Russia, Great Britain and the United States and they would not hesitate to play ball at least for a while with any possible international friend. They are few and far between, and their duration in power would coincide exactly with the period of

Japanese military dominance, but there are at least some of these leaders who protest their patriotism, but insist that the best thing for China now is to abandon the path to suicide and cooperate with Japan, even on its own terms now, for the sake of peace. With reduction of pressure from Japan, there is always the danger of a split between the Communists and the Kuomintang.

Economically, the life of China has been completely shattered. Coast cities, avenues of commerce with the Western world, railways, highways, and industries have been prostrated because of ravages of war. In Shanghai alone, Chinese casualties have included five-sevenths of their cotton mills, five-sixths of their rubber factories, three-fourths of their silk filatures, one-half of their flour, tobacco, lumber, soap, paper, cement, vegetable oil, and sundries establishments. Looms, spindles, machines and equipment have been destroyed or looted. Thousands upon thousands have been thrown out of work. Foreign industries which employed Chinese labor—transport services, busses, ferries, ramie fibre, ice, printing shops, publishing houses—have been forced to close down. Free movement of labor has been curbed, and gutted warehouses have been transformed into military barracks. International trade has stopped except that which has contributed to the needs of the Japanese army in China. Japanese economic discrimination, the influx of refugees, reduction in supplies of raw materials, the loss of purchasing power, and the concentration of economic efforts in the interior have shoved the city of Shanghai into the depths of a new depression.

Millions of Chinese have become as Hu Shih described them: "Entirely without the means of subsistence." Their banking, industrial and commercial life has been shattered and their agriculture is limited to a hand-to-mouth existence. They are living on the margin of existence, and just a little more Japanese push might deprive the helpless inhabitants of

the rice and wheat which now defines the tenuous border line between life and death. Nepotism, corruption, rack-renting, usury, and bribery still bedevil the lives of the miserable masses.

Japan has strong points which China can not afford to ignore. The military power of Japan must be considered with the strongest in the world. Its industrial organization provides for the needs of its own people and supplies the markets of the seven seas. Socially, its people are unified, well-disciplined, energetic and amenable to leadership. The position of the Government is unchallenged, and without serious economic collapse there is not the slightest danger of social revolution. As the national belt becomes tighter, the Japanese people demonstrate that they too possess an unexcelled capacity to sacrifice their personal needs and desires to the greater demands of a nation at war. Small as they are, still they have advertised that they have not the slightest concern for the successful outcome of the China affair; they are not worried about the troublesome Russian bear stalking on the northern frontier; and they are quite confident that their navy and their tradesmen can hold their own in the stiffest competition which the British can muster. There has been a studied avoidance of setting Japan's strength against the United States', but they feel equal to any situation which might challenge their dominating position in Eastern Asia.

After four years of fighting, there is no glimmer of peace on the Sino-Japanese horizon. Chiang says that "under existing circumstances there is absolutely no hope of peace. When Japan can no longer stand the strain of war, then the hope of peace will dawn." But peace will have to be based upon terms which will grant to China territorial integrity, administrative sovereignty, equality of treatment as a nation, the restoration of Manchoukuo, and the return to the status quo in China proper before July 7, 1937. "We will gain time by sacrificing space, we will not forget the atrocities committed against us

until the last Japanese invader is driven out and our brothers are avenged."

Chiang issued a comprehensive statement from Chungking dated December 26, 1938, in which he summarized the Chinese reaction to the program of Japan. He stigmatized the Japanese Order in East Asia as "verbal sorcery," and called the New Order a term "for the overthrow of international order in East Asia, and the enslavement of China as the means whereby Japan may dominate the Pacific and proceed to dismember other states of the world." He declared:

> Konoye's phrase, "the establishment of linked relations of mutual assistance in matters political, economic and cultural between Japan, Manchoukuo and China" puts me in mind only of links of manacles and shackles.
>
> The "economic bloc" is designed to be the means not only of taking control over our customs revenue and finance and of monopolizing our production and trade, but also of gradually limiting the individual freedom of our people even in regard to what they eat and wear, where they live and whither they move. The Japanese are to do as they please: to have power among us over life and death, the power of binding and loosing, we are then to become their slaves and cattle, and to have our substance devoured beneath the lash of tyranny.

He described the Asia Development Bureau as the "highest Special Service organ for the working of all manner of villainy," and the "joint defence against Communism" as the first step in the management of "our politics, culture and even the conduct of our diplomacy." He alleged that Japan's solicitousness for the return of the concessions to China and the abolition of extraterritoriality disclosed a fundamental determination to convert the whole of China into one vast Japanese concession entirely subject to the jurisdiction of Japan.

He opposed the demand that "Japanese subjects should be granted rights to reside and trade in the interior of China" because

. . . the very mention of Japanese subjects reminds our people only of Japanese special service organs, exploits of Japanese ronin, as well as of opium smuggling, morphine peddling, white powder manufacturing, heroin retailing, the operating of gambling houses and houses of ill repute, arms smuggling, conspiring with bandits, engaging loafers, training traitors, and other Japanese devices for creating disturbances, and debasing our people, either by means of drugs or encouraging outlawry.

He concluded with the allegations that "this war on the part of the Japanese is violent banditry brought about by the total collapse of morals and sound principles in that country," and that on the part of the Chinese "it is to complete the task of national revolution, and to secure for China independence, liberty and equality."

Some Chinese are skeptical about their ability to see it through, but at least the Government officials have personified self-confidence and assurance in ultimate victory. After three years of fighting, the Chinese leaders professed their ability to keep on losing longer than Japan can keep on winning—if you can call what Japan is doing, winning. Most foreign journalists in China have been optimistic with regard to China's ability and determination to execute a policy of long-term resistance. And when Ambassador Johnson returned to the United States early in 1939, he testified:

The Chinese morale is high. They are full of hope for the future. They are not discouraged and life is going on much as it had been. Military operations have proved that bombing from the air does not win a war, and it looks as though the war will go on for a long, long time. At least the end is not in sight.

There have been many rash predictions that in the end, or in the long run, Japan either will swallow China whole and thus fortify itself for its crusade against Russia and the West, or will conquer China, and thereupon itself disappear in the meshes of a superior Chinese civilization. "Fighting China

is like fighting a feather-bed." Mr. Chamberlain disposes of these contentions succinctly and accurately in the paragraphs which follow:

> There should be no reliance on the traditional Chinese capacity to absorb the conqueror in the present instance. The Manchus and the Mongols were superior in martial vigor, but vastly inferior in culture and forms of social organization. . . . There is no prospect that Japan will ever expose itself to absorption by overrunning China like the Mongols of the Middle Ages. Very few Japanese will migrate to a land that is already overcrowded to the suffocation point. China will never become more than a second Manchoukuo with Japanese advisers dictating all policies, with Japanese business and banking interests dominant, but with very few Japanese settling as immigrants and colonists. . . .
>
> The fear that Japan will swallow China whole and swell to the greatest empire in the world in the process is based on a gross underestimate of Chinese subtlety and capacity for evasion, procrastination, sabotage, and passive resistance. The Japanese clay may break if there is too reckless an expenditure of men and money in pursuit of ambitious dreams of overlordship in China. But the Chinese sand will never run in Japanese moulds.*

When the undeclared Japanese war fades imperceptibly into undeclared peace, there will be surprisingly few changes in the underlying characteristics of Japan and China before 1937. Both nations were then in process of change and development, and those changes will continue in the same direction but with increased speed when the war is over. Japan will have to face its internal problems, and to adjust its foreign policies to give a maximum of freedom to cope with those problems; China will have to recommence its gigantic task of reconstruction and with help not only of Japan but also of the foreign powers who stand to gain from cooperation with China on the basis of equality and reciprocity. Japanese-Chinese friendship is not on the discernible horizon, and it

* *Japan over Asia*, p. 135.

will not come until Japan abandons its superior attitude or destroys China's will to liberty. Military truce or Oriental compromise granting to Japan priority in China now will only suspend actual hostilities until China recovers sufficiently to test its strength in a new war to the death against Japan.

CHAPTER THREE

Japan in China

A CURSORY CONSIDERATION of the elements of geography brings into sharp focus the prime political importance of Japan, China and Russia in Eastern Asia. Conflicts of policy in that area are of varying importance to other Powers, but they are life-or-death issues to the three nations whose home base is in the western Pacific. Great Britain would suffer if it should be deprived of its stake in Shanghai, Hongkong and Singapore; France would regret the loss of its Indo-China possessions; and the United States would be sorry to wipe out its national assets in the Philippines. But in none of these instances would the life or the basic prosperity of the mother country be placed in jeopardy. Eastern Asia constitutes a minor cog in each of these gigantic imperial machines.

On the other hand, military or economic defeat to China, Japan or Russia in Eastern Asia would threaten its independence and continued existence as a sovereign territorial entity. Japan believes that the implementation of its militaristic program in China is beneficial for the world and essential for Japan. It insists that there is no retreat possible from the course upon which it has embarked, because retreat would mean the evaporation of its continental dream and the collapse of its top-heavy internal structure.

Japan is calling the tune in Eastern Asia, and Japan is not in the least likely to modify its uncompromising attitude un-

less overcome by the armies of China, by the exigencies of a European war, or by the inexorable pressures emanating from its own internal maladjustments. Words, notes or protests from the Western Powers have their utility in preserving the legal record intact, but these diplomatic gestures are futile to the restoration of peace. The key to war or peace in the Orient depends completely upon the initiative of Japan.

The Japanese islands are particularly exposed to attacks from the sea. Therefore Japan is willing to risk its economic neck in paying for a navy which can rival those of its wealthier competitors—the United States and Great Britain. The Japanese mainland is uncomfortably close to the continental shore-line, and within easy reach of expeditions from Siberia, Korea, or the coast of Northern China. Fundamental self-protection demands that Japan must keep potential enemies from these *points d'appui*, or at least must maintain sufficient military strength at home to ward off any possible attacks. Japan's territorial, political and strategic interests are concentrated in a limited, vulnerable position and explain the great risks which Japan is willing to assume in its gamble in China.

Japanese economic stakes in China and Manchoukuo represent 90 percent of all the capital which Japan has been able to accumulate for foreign investment. Japan's stake is less than that of Great Britain, when measured in dollars and cents, but it is twenty times greater than that of Great Britain, when measured in terms of relative importance to the mother country. To show how completely investments have followed the flag, Japan has tied up approximately one billion dollars on the Asiatic mainland and has confined four-fifths of this to its protégé Manchoukuo. Before 1930 Japan had already put a billion and a half yen in the North Eastern provinces; and in the ten years which followed, it doubled that amount, and added approximately another billion under the heading of military expenses.

Japan's trade with China has not reached the peak of its possibilities, because of political difficulties. In the heyday of Sino-Japanese cooperation, Japan supplied China with about a third of China's foreign imports; but that proportion has been cut in half because of the war. At the present time China is reported to buy 5 percent of all Japanese exports, but even this figure is unreliable. It includes materials sent to China for the use of the Japanese army, and it omits goods which enter China through the hands of smugglers. The "yen bloc" of Korea, Formosa and Manchoukuo which buys and sells through the media of yen and therefore provides no additional foreign exchange to Japan, buys 40 percent of everything which Japan sells abroad and supplies Japan with 20 percent of its foreign needs. To demonstrate the extent to which Japan monopolizes the foreign trade of its own dependencies, in 1938 Japan sold Formosa, Korea, and Manchoukuo respectively 98, 85 and 75 percent of all their purchases from outside sources. The "low" figure in Manchoukuo was unavoidable because the Kuantung army was obliged to use Dairen as an entrepôt for the trucks, automobiles and war supplies which were made and bought in the U.S.A.

DEVELOPMENT OF JAPANESE POLICY IN CHINA

It is foolish to explain Sino-Japanese hostilities in terms of who fired the first shot at Lukouchiao, or, as it is popularly called, Marco Polo Bridge. The roots of the present trouble penetrate as deeply into history as you care to follow them. Clearly they lead from the spectacular days when the Emperor was restored to his power in 1868 and proceed in well defined channels through the seventy years which were to elapse before they would finally emerge in the highly important railway junction located on the edge of the plains in North China.

In the closing decade of the nineteenth century, the restless *samurai*, the lordless mercenaries who were thrown out of

work with the abolition of feudalism, threatened political revolution in Japan unless they could dissipate their energies in an imperial expedition to the mainland. These adventurers went into Korea for the double purpose of displacing the Chinese influence and stopping the ominous Russian advance down the coast from Kamchatka.

Most Europeans were astounded at the Japanese victory over China, because Japan seemed so young and so little. China had incomparably larger armies, and it had two ships which boasted twelve-inch guns. But China's armies refused to cooperate, and China's navy only had three shells for its two guns, while Japan had been genuinely at work learning from its British and German tutors all the fine points in the modern arts of war. As spoils of victory Japan won an indemnity; it won Formosa and the Pescadores Islands off the China coast; it won the right to be treated as an equal in China; and it won from Britain a hasty agreement to abolish the unequal privileges which had been clamped upon Japan at the time of its opening to foreign intercourse.

After the war with China, Japan concentrated its energies and discipline in an intelligent, coordinated effort to achieve those virtues which the West had taught Japan to believe constituted the elements of greatness. A large army, a respectable navy, and a strong industry sprang overnight from the forehead of Jove and sky-rocketed Japan into the ranks of the mighty. A shrewd alliance with Great Britain provided funds which paid the bills for the expensive ousting of the Russian bear from Manchuria. Japan had to pay twelve percent interest for its last war loan; but the stiff interest rate did not matter, because Japan in its new and astounding victory obtained Russian concessions in South Manchuria and thereby eliminated the Russian challenge to its own security for forty years to come. Thus by military means Japan included Korea in its political orbit in 1894, and South Manchuria in 1904; and in each instance Japan legalized its

usurpation by treaties formally negotiated and signed with China.

Japan then strengthened and renewed its alliance with England, and further buttressed its dominance in Eastern Asia by alliances with France and Russia. Before the World War, it is accurate to speak of the "Quadruple Entente" instead of the "Triple Entente" when referring to the combination against the Central Powers, because Japan had reached comprehensive understandings with each of the three great Allies. However, Japan was not primarily interested in their embarrassments in Europe, except as those embarrassments would guarantee no opposition to any positive measures which Japan might choose to adopt.

The Japanese agreements with Russia conceded to Japan prior interests in Eastern Inner Mongolia. That is the section of Mongolia on the under side of the Gobi Desert, which fringes China and contains the modern Chinese provinces of Chahar, Suiyuan and Ninghsia. A railway stabs through the heart of these provinces and leads directly to the caravan route of Turkestan and Central Asia. Eastern Inner Mongolia is an excellent buffer zone between a strong continental power in the hinterland, and anyone who might happen to be in control of China and the coast.

The Great War provided for Japan an excellent opportunity to jump into China proper. Japan took advantage of its alliance prerogative with Great Britain, declared war against Germany within two weeks after the fighting began in Europe, and forced the surrender of German property and rights in Shantung. Shantung is the sacred province where Confucius lived and died, and the Chinese were not exactly happy to see Tsingtao and its suburbs pass out of control of distant Germany into the grip of its powerful neighbor. China would have preferred, as always, the more distant of two evils.

The occupation of Tsingtao was only the beginning. Early

the following year, 1915, Japan presented China with its twenty-one demands which were introduced as "a means of ousting the white races from China by Sino-Japanese co-operation." Japan suggested, or rather demanded, practical liberty of action in the whole of Manchuria, in Inner Mongolia and in Shantung. It demanded the richest iron works in the Yangtze Valley, naval control of the China coast, and monopoly of political, military, economic and financial advisers. China was helpless, Great Britain was head-over-heels in the trenches of Europe, and only the United States was left to register a feeble declaration that "it did not intend to recognize" any situation inflicted upon China by force.

Some of the twenty-one demands were withdrawn, but most of them were incorporated in treaties and notes which are still binding upon the Chinese Government. Then Japan proceeded to buy through administrative loans (many of which were arranged by Nishihara, the worldly-wise Buddhist monk) a military alliance from China which gave Japan the right to station garrisons at will in North China and Manchuria. Through the crazy years between 1918 and 1921 Japan seemed to grow dizzy from the wealth which war-time inflation poured into its pockets and from the surprising ease with which it penetrated deep into the heart of Siberia. On the pretext of helping the Czech legionnaires who were escaping from European Russia, Japan overran the Maritime Province of Siberia, took over the lion's share in the operation of the Chinese Eastern Railway, outfitted the excursions of the "Mad Russian" into Outer Mongolia, and prepared to enjoy its eternal feast on the wealth of Eastern Siberia.

That was in 1921 and it marked the extreme penetration of Japan into the mainland. China, Manchuria, Mongolia, and Eastern Siberia were under the effective control of the Island Empire. Then came trouble. The United States objected to the extremes to which the Japanese had gone, the Chinese mobilized opinion against Japan through participation at the

Versailles Conference, the Soviet Russians caught their breath and outmanoeuvred the Japanese in Russian territory, and, most serious of all, the post-war industrial boom collapsed and left Japan without finances to pay the huge bills for the military expenditures of occupation. The Washington Conference provided a face-saver, gave Japan a mild spanking, and inaugurated an era when the Japanese climbed down from their dizzy heights and experimented with a policy of co-operation.

Do not think for one moment that Japan intended to sacrifice any of its strategic interests in Eastern Asia or entertained any notion of giving up its ambition to control the approaches to its island home. These ambitions and objectives remained, only the methods changed. As early as 1900, one of the most eminent students of Japan, Mr. W. W. McLaren, had written:

> There is no political party . . . opposed to an indefinite expansion on the Asiatic Continent. . . . Japan's predominance in Eastern Asia has become the foundation stone of national policy. "Nibbling" at China is no longer the propaganda of the military party alone; that policy has come to be universally accepted as leading directly to the realization of the national destiny.

After the Washington Conference Baron Shidehara put forth his theory that Japan would gain most from the application of the Open Door. He declared that geographic nearness, coupled with Japan's low production costs, would guarantee Japan's primacy in the China market. Particularly, if Japan were clever enough to avoid becoming the target of a disastrous boycott. He advocated respect for China's territorial integrity, aloofness from China's domestic strife, and positive assistance in China's struggle to realize its just aspirations. But at the same time he would reserve for Japan the right to use all "reasonable" means of protecting legitimate rights and interests. The distinguishing feature of Shidehara's

policy is not its verbal definition: it is rather the attitude to which it was dedicated. Shidehara wanted political understanding. He was willing to go a long way in overlooking China's short-comings, and he was thoroughly convinced that Japanese tolerance and kindliness would contribute to a solid entrenchment of Japanese commercial priority.

In accordance with his ideas, he withdrew the Japanese troops from Shantung and Hankow, he closed the Japanese post offices in China, he turned back to the Chinese a large share of the Japanese portion of the Boxer indemnity, and exercised remarkable restraint in the touchy negotiations with regard to Japanese rights in Manchuria and the abolition of the treaty tariff and extraterritoriality. Baron Shidehara was an early embodiment of good-neighborliness, friendship, and perhaps even of the better implications of the word "appeasement."

But Shidehara could not last forever. As a matter of fact, he could not even survive the tensions of 1929. Chiang Kai-shek and Chang Hsueh-liang were tending to pull together in China, and that foreshadowed the ominous influence of the Nationalist Government into Japan's Manchurian preserve. Japan balked at the prospect of the Central Government's spreading its anti-foreignism beyond the Great Wall, and launching a concerted attack on the tenuous treaty position of Japan in the Northeast. Moreover, anti-Japanese incidents at Tsinan, Hankow and Amoy played into the hands of Shidehara's opponents. The Tanaka crowd wanted to take a strong course, and teach China that an iron fist really was hidden in the velvet glove. China must be shown that it could not get away with unilateral denunciations of treaties, like the important commercial treaty of 1896, that it could not recover its sovereignty over the tariff and the courts without the consent of the Powers, and that it could not default on its loans without expecting retaliatory action.

The Japanese attitude was at one with the other partici-

pants in the treaty system. Until 1931, Japan was *primus inter pares,* and was not guilty of lone-wolf tactics in any attempted monopolistic strangulation of China's political or economic development. Japan was free from any peculiar charges of violating the Open Door.

Then came the events of 1931. Manchuria never meant much to the provinces of China, except Shantung and Hopei which together furnished most of the twenty millions of Chinese emigrants. Manchuria was cold, distant, and in fact a separate entity. It had no Chinese name apart from "The Three Northeastern Provinces." This explains a lack of national indignation when Japan at one fell swoop took away from China 85 percent of its unsettled wasteland, 80 percent of its forest wealth, 55 percent of its iron, 30 percent of its railroads, much of its coal and its own best market. Chinese officialdom, in contrast to the Chinese masses, appreciated the magnitude of its losses, decried the Japanese intent to absorb part of its homeland, and relied upon its "moral" right to territorial integrity to defeat the Japanese claims of treaty violations.

When the Nationalist Government turned its anti-foreign guns on Manchuria, it underestimated the importance which Japan attached to its vital interests there. Japan recognized the growing strength of Soviet Russia under its five-year plan and had no desire to remain dormant while Russia girded its loins for a possible renewed advance towards warm-water ports in Liaotung. Japan resented the love-feast between the Young Marshal and the Kuomintang, and opined that a strong move into Manchuria would have the double-barrelled effect of stopping both the Russian and the Chinese advances. Of course, it is arguable to contend that there is no single "Japan," and that there was no coolly-calculated reasoned design on anyone's part to move into Manchuria. On the contrary, it is quite patent that any group in direction of Japan's policy must have appreciated the effect upon Russia and China which

any occupation of Manchuria would have. It might have been accident or good fortune which spread the armies of Japan over the whole of Northeast China in just five months after the Mukden incident, but the drive was so well organized, so precise, and so rapid, that it evidences conscious backstage direction.

Japan had achieved a "special position" in Manchuria at a cost of great "blood and treasure," and had regularized that position by treaty agreements. Japan had vainly endeavored to persuade the rest of the world that there was an absolute distinction between Manchuria and the rest of China, in order to exempt Manchuria from the obligations of the Open Door. The United States had notified Japan quite bluntly that "so far as the United States is concerned, Manchuria is essentially Chinese soil."

In 1931, Japan seemed secure in its lease of Liaotung, which after the Twenty-one Demands, was to remain a Japanese leasehold until the year 2000. Japan had stationed the Kuantung army in headquarters at Dairen and Port Arthur. Kuantung (two Chinese words signifying "east of the customs" and not to be confused with *Kwantung* which is the Chinese name for the province where Canton is located) was to play a leading role in Japanese policy because its commanders were usually the most positive elements in Japan, and often championed more radical action than the Foreign Office or even the Tokyo General Staff could formally approve.

Japanese investments in Manchuria centered about the South Manchurian Railway, which operated only 695 miles of track, but which owned the controlling interest in mines, factories, hotels, schools, hospitals and entire cities. The South Manchurian returned as high as 40 percent interest in a single year to its fortunate stockholders, chief among whom was the Japanese Government itself. Naturally, the Railway Company brooked no Chinese interference with its lucrative rights and privileges.

The Chinese had gone gunning for the monopolistic position of the S.M.R. and used their own railway from Peking to Mukden as the trigger finger. With the profits of this railway, they built competing lines in Inner Manchuria, over which the farmers could ship their soy beans from home to the coast without the use of the Japanese line. The Chinese refused to pay the interest and amortization charges on Japanese railway loans, which the Chinese insisted were negotiated under threats and bribery. The Chinese also launched the building of a railway terminus and a deep-water dock at the port of Hulutao, which would have undermined the commercial importance of Dairen. Here Japan saw coming into being railway and harbor facilities, completely under Chinese auspices, which would have diverted traffic and shipping revenues from Japanese investments.

Japan had plenty of other grievances. The Chinese authorities had refused to link the Manchurian railways with the northwestern border of Korea. They agitated for the abolition of the railway guards (those useless, ubiquitous escorts of the conductor who make a diplomatic ceremony out of the simple process of collecting a ticket), and they encroached on the profits of the S.M.R. by adjusted tax schedules. In addition, they limited the business activities of ordinary Japanese citizens by restricting rights of travel and residence in the interior and by refusing to grant extensions of leases to which the Japanese were by treaty entitled. And finally, the Chinese, who disliked the presence of Japanese consular police in Manchuria, denied the right of these police to guide or arrest the Koreans who had become naturalized Chinese citizens.

There is no question about the perpetration of these Chinese activities. In fact, they existed. The point at issue, concerned their legality. The Japanese argued that these activities were illegal because they violated treaties which China had entered into; the Chinese countered that the treaties themselves were fundamentally unjust, and therefore not binding because

they were signed under duress and without the free-will action of a sovereign state.

The altercations between the Chinese and the Korean farmers of Wanpaoshan, the murder of Captain Nakamura in Mongolia, and the railway explosion at Mukden were merely occasions of Japanese penetration. They coincided with a favorable world situation in 1931 when the Western Powers were immobilized by the Great Depression, when Russia was in the midst of its first five-year plan, and when China was helplessly inundated by the raging waters of the Yangtze River. The armies in Kuantung and Korea were all set to go, and they occupied the whole of Manchuria while the League of Nations faltered in a vain effort to implement the system of collective security.

The League suggested immediate cessation of hostilities, withdrawal of opposing forces, and mutual renunciation of aggressive designs. Japan demanded Chinese suppression of anti-Japanese activities and a clear-cut recognition of Japan's treaty rights. The League baited Japan with schemes for arbitration, neutralized zones and, finally, a Commission of Enquiry. The Commission went, saw and reported. It recommended an autonomous Manchuria under Chinese sovereignty; recognition of Japan's treaty rights; negotiation of new bi-lateral commercial and arbitration treaties; the appointment of special gendarmes for Manchuria; and the engagement of foreign advisers for limited periods of time. But Japan was in no mood to compromise; its delegate to Geneva complained that "China is not a sovereign state and her anti-foreign policy made the general formulae of international intercourse inapplicable to the present dispute." Japan resigned from the League and left the Advisory Committee to adopt a resolution to follow the American lead in refusing to recognize a situation which had been brought about by means contrary to the principles of the Kellogg Pact.

Meanwhile the Japanese provided the world with an ex-

cellent display of the art of building and manipulating marionettes. The Fourth Department of the Kuantung army established at Mukden a "Self-Government Guiding Board" which rounded up the disappointed antiquarians of the three Northeastern Provinces and organized them into temporary Independent Provincial Governments. Then it established a North Eastern Administrative Council and promoted Mass Meetings of Acceleration Societies throughout the railway cities from Mukden to Harbin. When it corralled sufficient coolies, school children, and scared-to-death shopkeepers to demand an "All Manchuria Convention," it convened the same at Mukden and invited the inglorious last of the Manchus who had perched on the Dragon throne to head a regency in the "new capital" or Hsinking.

The new government declared its independence from China, reorganized its local governments, signed a treaty of alliance with Japan, and converted itself into an Empire in 1934. Japanese advisers established themselves in every department at Hsinking and recognized no actual superiors except the single Japanese mogul who is at once the Governor of the Kuantung Leased Area, the Ambassador to Manchoukuo and the Commander-in-Chief of the Kuantung Army. This political boss runs Manchoukuo strictly in accordance with army concepts, and, for all practical purposes, he is free from the intrigues, the bureaucracy, and the red tape of civil Tokyo. For his finances, he has to consent to a joint Japan-Manchoukuo Economic Commission, but it is certain that his is the deciding voice in economic and military policies for Manchoukuo.

As a succession state, Manchoukuo took over from the Customs, from the Salt Gabelle and from the Post Office, the revenues which used to be sent to Nanking in partial payment for the foreign loans secured on these government services. Manchoukuo decided to treat China as an alien state with regard to customs, posts, through-train services, com-

merce and navigation, telephones and telegraph. It set up a Claims Commission for the adjustment of pre-succession obligations for which the region of Manchuria might be considered to be reasonably responsible. It nationalized its railway system by taking over the South Manchurian, by purchasing the Chinese Eastern from Russia over the protest of the Central Government of China, and by building a series of new railways which extend, like the fingers from the palm of the hand, to various points along the Siberian and Korean borders. It converted property formerly held by Japanese subjects under lease to outright freehold; it established trade monopolies for basic commodities, including oil and tobacco; and by treaty with Japan in November 1937, it decreed the abolition of extra-territoriality. In addition, it inherited border friction with the Soviet Union which taxes the strength of the Japanese army in Mongolia, Siberia, and Korea.

This independent Manchoukuo has been recognized by Japan and by Salvador, Poland, Germany, and Italy. Salvador's action might have been dictated in order to repay Uncle Sam and his non-recognition policy for some of Salvador's own shabby treatment at American hands, or it might have been influenced by Japan's purchases of Salvador's coffee. Or, as the story goes, the sleepy Foreign Minister of El Salvador merely might have misread the League's telegram advising non-recognition, as advising recognition, and acted accordingly. Germany and Italy accorded subsequent recognition to Manchoukuo in accordance with the maximum nuisance value of Axis politics. But Manchoukuo was obliged to take its first faltering steps of statehood without the blessing of the Great Powers whose surpluses of capital could have primed the pumps of industrial development in a dozen Manchoukuos.

Japan extended its political control from Manchoukuo into Jehol, Inner Mongolia and North China. Jehol presented no problem at all, because the Chinese policy of "non-resistance"

provided an excellent cover for the opium-sotted Tang Yu-lin to desert his province and move his concubines and thirty truck loads of baggage into the haven of a Peking hotel. Inner Mongolia presented obstacles. Japan looked upon Inner Mongolia as a necessary flank protection in a possible clash with the Soviets, but the Central Government of China beat Japan in the race to reach the ears of the Mongolian leaders.

Fundamentally, there is no love lost between the pastoral Mongols and the Chinese farmers and traders. The Mongols are shepherds of the wide open spaces and are no commercial matches for the bargaining Chinese, who bought the land for a song, and then turned it over into opium or grain. The Mongols, thus deprived of their grasslands, nursed deep-seated grudges against their Chinese despoilers. The Central Government of China exerted a feeble, tardy effort to organize them into an autonomous government, hoping in this way to retain their political loyalty and to thwart the Japanese agents who would wean them away from Nanking.

Prince Teh, the most outstanding leader in Inner Mongolia, played both ends against the middle but rather inclined to rely upon the more lavish Japanese. He schemed with a Chinese general, Li Shou-hsin, and his garrison of Manchoukuo soldiers to set up an independent "Ta Yuan Kuo," or "Great Mongol Country," patterned after its prototype in Manchoukuo. But Prince Teh's machinations ended in temporary disaster at the hands of a young Chinese general, Fu Tso-yi, who rises at four every morning and lives an exemplary personal life. He drove Teh and Li out of their intended capital in Kueisui back to the prairies deep in Inner Mongolia.

During an attack on Pailingmiao on November 24, 1936, three out of the four Japanese aeroplanes which were bombing that city were hit and brought down by the Suiyuan troops, whereupon a protest was lodged by the Special Service Division of the Kuantung army charging that firing at the

machines which bore the Japanese national insignia constituted an insult to the Japanese flag.

Japanese garrisons achieved what their arch plotters missed, and since 1937 the Nipponese troops have occupied the railway and the cities of Inner Mongolia. But the Eighth Route Army and General Fu have combined to prevent the occupation from blossoming into another quasi-independent state, entirely subjected to the will of the armies of Japan.

After these sallies into Jehol and Inner Mongolia, Japan made a drive for the economic attractions in North China, which the paradise in Manchoukuo had failed to produce. There was a market of 120,000,000 people, fairly well supplied with railways, and capable of much greater rail development. Rails would be vital for moving Chinese raw materials to the coast and transporting the manufactured products, or even the armies, of Japan deeper into the interior. North China possesses one-half of all China's coal reserves, seventy-five percent of its iron, and most of its cotton and tobacco fields. Together with the plains of Mongolia it could also liberate Japan from the expensive necessity of purchasing 125,000 tons of Australian wool every year.

Imperialism begat more imperialism and the Japanese army thrust itself beyond the Great Wall. Between 1933 and 1937, the Tangku truce, an agreement between General Ho Ying-ch'in and General Umedsu, and another between General Chin Te-chun and Colonel Doihara, all of which were occasion for presenting demands upon China, were conceived and executed by the agents of the Japanese army and not by the Japanese Foreign Office. Colonel Doihara, who fancied himself as the Lawrence of Manchuria, set about the task of finding Chinese puppets to form an autonomous area of the five northern provinces: Hopei, Chahar, Shantung, Shansi and Suiyuan. First he accepted a North China Political Council, under the chairmanship of Sung Che-yuan. The late General Sung was equal to the intriguing ability of Colonel Doihara

and he went through the form of obtaining the permission of Chiang Kai-shek before he accepted his thankless job. This enabled Chiang to keep his fingers in the North China pie. Then the suave Japanese Colonel commuted back and forth between Taiyuan, Peking and Tsinan in an exasperating effort to entice the model Governor Yen Hsi-shan and the chameleon de-luxe Han Fu-ch'u to sponsor the Five Province Autonomous Council. Doihara's plans came to naught, except a minor East Hopei Autonomous Area administered by Yin Ju-keng, and his Japanese wife. This area was valuable primarily as headquarters to smuggle Japanese goods in and Chinese silver out. Colonel Doihara returned to active military service and Japanese political intrigues came to a temporary standstill early in 1937.

On the economic front progress in North China was more significant and optimistic. A Sino-Japan Trade Association promised a cooperative future, and a North China Development Company organized subsidiary companies for the Japanese control of all the commodities of North China. It took over salt wells, undertook the construction of desired railway lines, bought up bankrupt Chinese cigarette and cotton mills, and put in motion schemes for monopolies in wool, coal, shipping, automobiles, telephone and telegraph communications. The Japanese Spinners Association entered into an agreement with the Chinese to supply the best quality American seeds, to supply ginning machinery, to guarantee market standards, to provide sufficient capital for each step of the operation, and to purchase the entire Chinese crop for five years to come. The Chinese were obliged to turn under their precious wheat lands and devote them to cotton, thus becoming dependent upon Manchoukuo for the major part of their food supply. As can well be imagined, external political or financial pressure proved exceptionally useful in obtaining Chinese signatures.

In the spring of 1937, Japanese business men were quite

content with the progress of China affairs. Mr. Seiji Yoshida, manager of the Shanghai branch of the Mitsubishi bank, and chairman of the local Japanese Chamber of Commerce, condemned the Japanese smuggling and currency "reforms" as unreasonable and incomprehensible, warned his fellow countrymen that the new China under Chiang Kai-shek was no longer as incohesive as sand, attested the economic and financial strength of the new regime, and advised his own people to discard their strong China policy and to re-orientate their general attitude. In February 1937, the Japanese Premier expressed his belief to the Diet that the chief obstacle to Sino-Japanese rapprochement was "the failure of both nations to understand each other's motives and policies," to which a Diet member echoed, "If Japan sincerely wants to attain real friendship with China, she must approach China with open heart, not with empty words." One month later the Foreign Minister, Mr. Sato, had declared that "Japan must treat China as an equal"; but the rainbows implied in these noble words failed to burst forth in their promised splendor.

Hope for reconciliation lasted just twenty-four hours. The Army forced the Foreign Minister to supplement his inadequate remarks and to admit that he did not fully respect the emergency with which the nation was faced. The Army was at the low point of prestige and wanted to halt its declining popularity. The revolt of February 1936 had cast a shadow upon the Army, and the Army's championship of the anti-Comintern pact had not received the anticipated share of public support. Russia was growing stronger, and being welcomed back into the council chambers of the mighty, and worst of all China displayed a disheartening determination to unite to resist Japan. The political stalemate in North China did not help the Army's temper, and it was quite prepared for glorified campaigns throughout the length and breadth of China and, if necessary, the whole of Eastern Asia.

In passing judgment upon the rightness or wrongness of

Japan's policy, there are two schools of thought. Sir Frederick Whyte representing the one school believes:

> The imperial policy of Japan . . . in cold fact possessed a justification as manifest as . . . the justification of the imperial expansion of Great Britain across the seas, or of Russia across Asia, or of the original Atlantic States of America in their imperial conquest of the Mississippi Valley and the Pacific Coast. Urgent economic needs, joining with the prevailing belief that colonial possessions were the hallmark of the Great Powers drove Japan forward till she became a serious menace to Chinese integrity, if not also to the general peace of the Far East.

The other school proceeds from the assumption that Japanese expansion into Asia was the ruthless advance of a Frankenstein monster, that it will continue as long as the driving forces within Japan prove equal to the strain of empire-building, and that nothing can stop Japan except an overwhelming combination of the other Powers. Chinese propagandists are fond of exploiting this point of view and they are provided with ample ammunition in hapless statements of Japanese high in official position. Baron Tanaka's memorial, real or fictitious, has immortalized the slogan "To conquer the world, we must first conquer China"; General Araki has burned deep in the minds of the Western Powers, Japan's devotion to its "mission to propagate and glorify the Imperial Way to the end of the four seas"; and General Tada in his pamphlet on China has broadcast:

> The Japanese mission is to free the Chinese masses from 6000 years of oppression . . . and to install justice which has reigned in Nippon for ages eternal. Japanese policy is national expansion, and the independent creation of a Paradise for the co-existence and mutual prosperity of the two countries.

Mr. Yada, the director of the Japan-Siam Society, has declared that "it is highly questionable how long the Nether-

lands can retain her territories in the East Indies, which are sixty times the size of the mother country, and how long Britain can remain in India." He concludes that Japan must make her way southwards "immediately, for there is no time to be lost." Long ago Count Okuma prophesied that "in the middle of the twentieth century, Japan will meet Europe on the plains of Asia and wrest from her the mastery of the world." These quotations lend color to the theory that Japan's activities in Eastern Asia are but the prelude to a devilish scheme for world dominion, and that unless third Powers unite to stop Japan now, it will be forever too late.

FORCES CONTROLLING JAPANESE POLICY

The Emperor is the ultimate source of sovereignty, but that does not mean he is the actual executive head of the Japanese Government. Political power must be exercised *through* him, but not necessarily *by* him. In some cases he is a convenient façade for the pressure groups who put into his mouth the words of Imperial policy. When the Diet is not in session, he possesses the power of making ordinances which have the force of law, and his is the final word with regard to the national budget.

Extra-cabinet organs in Japan have a great deal more power than the cabinet itself. The Privy Council is closer to the Emperor than the Cabinet; and the same holds true for the Minister of the Imperial Household and the Lord Keeper of the Privy Seal. Since the China affair, a Cabinet Council, an Imperial Conference and an Imperial Headquarters have usurped the prerogative of making decisions vital to national policy. The Imperial Conference consists usually of the Prime Minister; the Ministers of Foreign Affairs, War, Navy and Finance; the chiefs and vice-chiefs of the Army and Navy General Staffs; the President of the Privy Council; and the President of the Planning Board. These agencies constitute excellent doorways by which the General Staff can pass to the

Imperial Sitting Room without having to cool its heels in the Cabinet's vestibule.

The Cabinet is responsible to the Emperor, and not to the Diet. The Prime Minister can not appoint a Minister of War or a Minister of the Navy without the consent of the fighting services, and these two appointees have the right of approach to the Emperor over the head of the Prime Minister. The services usually get at least one or two other Ministers on the cabinet, so that they can control the police and the press. One man out of four in Japan is attached to the gendarmerie in some way or other, and the press is rigidly censored and supervised. The jobs of directing these agencies are considered the special preserve of some one who has undergone the rigors of military discipline.

The Diet is without power, except that of limited debate. Deprived of control of the Cabinet and of the budget, the Diet is little more than an animated literary society. Its very existence is jeopardized by a hand-picked "Imperial Rule Assistance Association." On occasion, the liberal members present some lively discussions or some embarrassing questions, but a hint from the Emperor through the Cabinet is enough to close any debate and predetermine the vote.

The bureaucrats represent an entrenched interest and correspond roughly to the Civil Service in the American administrative system. The Japanese bureaucrats follow slavishly the desires of their military or industrial patrons and do not constitute one of the real forces in the formation and execution of Japanese policy. Japanese parties were still weaker. They had meaningless platforms, they constantly split and reunited in other factions, and they, too, reflected the whims of their sponsors. Abolishing the party organizations in 1940 did not disturb the vitals of the body politic. The most vigorous leadership in Japan has not identified itself with any party group, but has candidly associated itself with the fighting services or some of the industrial or commercial combines.

Japanese secret societies, which are no more secret than the Knights of Columbus or the Masonic organizations in the United States, always attract huge numbers of followers, including chauvinists, ronins, hooligans, politicians and gentlemen. They are usually dedicated to the ideals of ultra-nationalism and form the civilian counterpart of the radical elements in the army. Baron Hiranuma's Kokuhonsha, the Roninkai, the Jimmu, the Native Land, Mr. Hirota's Black Dragon Society, and any number of ex-service men's associations are well known for their fanatical support of positive action. They have frequently forced appointment of their members to outstanding posts.[1]

The "militarists" are extremely powerful, but they have not escaped the clutches of internal turmoil. There are almost as many factions as there are outstanding leaders, but two or three of these factions have developed contradictory philosophies. Some of the old-school descendants of the samurai object strenuously to the sabre-rattlers of the ilk of General Araki. The cooler heads are in the background now while Generals Minami, Uyeda, Sugiyama, Hata and Itagaki exert every possible effort to achieve Japan's place in the sun.

These champions of the younger officers are ruthless in discipline of themselves and their soldiers, puritanical in their concept of the way of life, mystical in their devotion to the symbolism of the Emperor, scornful in their attitude towards wealth, and arrogant in their relations with third countries. They flout the trappings of democracy within their own country; they treat the bureaucrats and the politicians as so much scum; they tolerate the industrialists only when it suits their purposes; but they are keenly conscious of peasant sufferings. Peasants provide soldiers and a strong peasantry makes a strong nation. When the militarists embark upon a policy, they leave it to others to count the costs and to smooth the ruffled feelings of those who have been offended. They

[1] For Prince Konoye's new structure, see p. 257.

oppose the trade unions, all evidences of Marxianism or Communism, and economic liberalism of any description. In their ultra-fascistic ranks there is always some hothead who is willing to assassinate the exponent of contradictory opinions. In their favor, they are not cowards and they act for what they conceive to be the fulfillment of their patriotic duty.

They are in complete control of Japan's foreign policy. They obtained the passage of the Electric Power Law and the National Mobilization Law, which give to the Government "control of all human and material resources in time of war or incidents, including the production and storage of materials, technical training and research, the regulation of industry, trade, labor and prices." They are responsible for repression at home and adamance abroad. And it is only when the Foreign Office gets a feeble word in edgewise that an apparent dualism creeps into Japanese policy, which expresses itself in

> the alternation of sympathy and force; of honey words and thundering invective; of mailed fist and velvet glove; of friendliness and intimidation. Both methods are necessary, the one to advance and the other to consolidate gains.

The industrialists, consisting primarily of the great families who have erected a modern superstructure upon the agricultural backbone of Japan, exert a respectable influence on Japanese policy. Their ranks are split into those who control the heavy industries, and thus benefit from war, and those who control the light industries, particularly the textiles, and see their profits disappearing because of war. This cleavage has the effect of minimizing their opposition to the militarists. As business men, most of them agree to the fundamental objectives of the militarists in Asia but they grumble at the costs and they disapprove the procedure. Many of them have lived abroad and they want the good will of foreigners as a busi-

ness asset. They have been schooled in the *laissez-faire* tradition of the West with regard to Government control of business. They fear the military radicals who would organize all business on a war-time scale even in times of peace, in accordance with the model already supplied by the complete subservience of business to the needs of the State in Manchoukuo.

Japanese industrialists do not want generals in charge of their affairs, and they already blame the generals for the high taxes and the budget deficits from which they suffer. Many business men, including the late Minister of Finance, Takahashi, have complained that the Japanese have extended to Manchoukuo—essentially a foreign country—far more credit than the resources of Japan would justify. Japanese exporters would like to develop markets in other parts of the world where they could sell for cash. They dislike flooding Manchoukuo with steel, building materials, and textiles for which they receive in payment nothing more than a government promise to pay.

The Japanese Navy is a final force in the control of Japanese foreign policy. It too has been caught in the tide of the Army's expansion and is none too happy about its lesser role. Too many admirals have been victims of political assassins, and the Navy does not like the way the Army is stealing the China show. The Navy wants oil, and oil lies in the area where the Japanese Navy would eventually operate. The Navy looks beyond Shanghai down the China coast, beyond Formosa and Hainan to Manila and the rich reserves of the Dutch East Indies. The Japanese Navy is interested in the life-line to the south and it does not care to be obscured by the Army's pursuit of the chimerical life-line to the west.

CAUSES OF THE WAR IN 1937

No greater single force drove Japan to its extremity in 1937 than the mere inertia of what had gone before. The

failure to harvest the anticipated fruits of imperialism—in Manchoukuo in particular—engendered the Japanese belief that the mounting liabilities in that area would be converted into assets with the complete but disguised control of the life of China. Japan's sensitivity to its inferior position in the world, as manifested in its unfair treatment in matters of racial equality, immigration restrictions, distribution of raw materials and territories, drove Japan to corrective measures. These corrective measures seemed unobtainable except at the cost of war, but the General Staff did not hesitate. Its philosophy glorified war "as the father of all creative work, the mother of culture, the vital energy and the driving force of the State." However, Japanese militaristic preparedness prompted counter moves from Russia and China; these in turn inspired more advances on the part of Japan; and the vicious merry-go-round continued. Once Japan mobilized its armies, it did not want the expense and inconvenience of demobilization and inevitable remobilization for the war which it discerned on the distant horizon. Therefore Japan decided to push on. A "no retreat" sign marked every crossroads of the Japanese advance. But at the outbreak of the incident at Lukouchiao, on the night of July 7, 1937, "the curtain was coming down on the second act, and the play was a tragedy."

Mr. Y. Suma, spokesman of the Japanese Foreign Office and former Counselor of the Japanese Embassy in Washington, described the urges which motivated Japan with a very understandable story:

> You see there is China, a very beautiful girl. And here is Japan, a very strong young man. . . . And the young man is determined to marry that girl. You understand . . . determined . . . to . . . marry her.

Japan dared not risk any further advances into China until it assured itself of the inability of the British in the Mediter-

ranean, and of the United States in the Pacific, to extend military aid to Japan's Chinese enemy. Japan disposed of the possibility of American intervention without much ado, because it never did consider too seriously the pious statements or mild protests of the Department of State. It relied upon its understanding Italian accomplice to entertain the British in the Mediterranean and the Near East, and then sent up a trial balloon to test the attitude of Russia

Late in June 1937, news extras in Japan announced that war with Russia had actually commenced and that the Japanese army had to be mobilized on a full wartime basis. They asserted that the Russians had attacked a Manchoukuo border patrol, while the patrol was in swimming, and that when the patrol returned the fire in self-defence, two Russian gunboats went to the bottom. Japan was prepared for war, but it was rather relieved when the Russians refused to accept the issue and preferred to back down before the Japanese offensive. With the attitude of Russia thus safely determined, Japan embarked upon its China campaign.

Primary among the causes which Japan attributed to its campaign in China was that cause which all nations attribute to all wars: self-defence. Japanese masses were convinced that the Chinese were provocative in firing upon Japanese soldiers who were engaged in routine manoeuvres. The people were not too critical, nor too curious about the exact definition of treaty rights. They were satisfied that the Japanese soldiers were attacked in line of duty and that punishment was necessary. (As a matter of fact, Lukouchiao is not one of the cities where foreign troops are permitted by treaty, and large scale manoeuvres in which the Japanese were indulging were vastly different from the treaty specification of "rifle practice and field exercises.")

So far as the Japanese were concerned, the important consideration was that they were persuaded that theirs was a Chinese-provoked war of self-defence, being entered upon by

the Japanese in the interest of preservation of their hard-won treaty rights. The Chinese "lacked sincerity" in carrying out their obligations to respect the rights of Japan, so the Japanese were obliged to give the Chinese a spanking which hurt the father more than the son. Chinese friendship was past praying for, so subservience had to be forced upon a misbehaving neighbor.

The Japanese propaganda machine echoed a slogan which was popular in the United States during the World War: "We have no quarrel with the people of the enemy country, we seek only the destruction of the war lords."

Some of the military parasites in China have been despicable characters, thoroughly deserving of being liquidated. On the other hand, the army of 3,000,000 untrained mercenaries has been China's answer to the unemployment problem. The West, and Japan, hires its millions in the prosecution of a senseless industrial armaments race while China has subjected its unfortunate surplus population to a kind of discipline which maintains a semblance of order. The military in China have always been looked upon as unavoidable evils, in direct contrast to the social standing which is accorded the army in Japan.

The Japanese point to the vast numbers of Chinese soldiers and omit any reference to reserves. There are no reserves in China, whereas in Japan, under the conscription system, every sound male is a trained reserve.

Japanese apologists emphasized the hardships which the Chinese war-lords and their satellites have caused the masses, and the Japanese army (overlooking completely the burdens it has placed upon its own people) promised a millennium of peace and low taxes after it disposed of the Chinese military enemies of the Chinese people. The army asserted that political stability would result in economic prosperity and that the Chinese would be happier, because richer, even under the domination of a foreign power. It relied upon the dis-

appearance of Chinese nationalism, and the canalization of Chinese loyalties into Japan-inspired regional autonomous groups. It argued that the Chinese have been unconcerned about their rulers in the past, and it blandly denied that Chinese pride and spirit would rebel against any foreign regime which is based on force. This reasoning seemed illogical to a Western mind, but it was generally accepted in Japan.

An editorial taken from *Manchuria,* a Japanese periodical, under date February 1, 1938, succinctly stated the Japanese point of view:

> The stand taken by Japan that she does not harbour any enmity against the Chinese people is perhaps unintelligible to Europeans and Americans, who do not know what a "moral nation" is and think that a war is the outcome of a clash of interests between nations. The Europeans and the Americans also erroneously think that the government represents the people of China because they are not conversant with actual conditions in China.
>
> In fact, Japan is only fighting the anti-Japanese elements of China, which happen to be abundant in the personnel of the National Government and which are manipulating the armies of the National Government in carrying on hostilities with the Japanese forces. Therefore, Japan is not fighting the National Government, much less the Chinese people. On the contrary, Japan is protecting Chinese people both in Japan and in China. This is why Japan does not declare war on China or the National Government.

The Japanese capitalized on the necessity of eradicating the "anti-Japan" spirit which permeated Chinese life and which formed the core from which the unification movement expanded. Nationalist movements in Europe, America and Asia had always profited from external opposition, and the Chinese followed historical precedents established in the enlightened West. The "anti-Japan" movement, as pointed out in the preceding chapter, was a post-1931 development, inspired pri-

marily by the occupation of Manchuria. It was not exclusively fostered by the Central Government or the Kuomintang, but it sprang genuinely from the outraged emotions of the masses of the people. The Chinese had indulged in tirades against the privileged position of foreigners for the past century, but their anti-foreignism had directed itself solely against Japan since the Mukden incident. Each new incursion of the Japanese deepened the wound which it was intended to cure, and it became clear that Japanese invaders would never be able to stamp out the spirit of "anti-Japan" while they were aggravating the very causes which produced it. Chinese societies, organizations, newspapers, periodicals, moving pictures, dramas, textbooks and boycotts expressed a deep-rooted hatred of Japan's ambitions. Accounts of these dangerous anti-Japanese manifestations made good reading for the Japanese masses and inflamed their patriotic emotions.

Japanese papers were full of lurid details about the menace of Communism in China. According to the press of Japan, "China's chaos invited the Communists and their insidious doctrines." Before very long, Communism would have destroyed Chinese individualism and, thus fortified, would have prepared its onslaught against Japan. Communism was "like a raging fire which must be put out in China before it crosses the Yellow Sea." But during Chiang's futile campaigns against the Communists, Japan had little to say about the menace of Communism and nothing to offer Chiang in the way of help. On the contrary, Japan's recalcitrant attitude against the Central Government aided and abetted the Communists in their resistance tactics.

The Japanese have emphasized the Communist angle of the China campaign more than ever since the "remarriage" of Chiang Kai-shek and the Communists of China. Former Red armies consented to operate under the National banner in Shansi province and some of the brainiest of the Communist commanders came to serve on the Chinese General

Staff. Japan frowned upon the inclusion of the Communists in the Chinese unification program, and it claimed that without Japanese intervention, the Communists would become the tail which would wag the Chinese dog.

Japanese propaganda remained discreetly silent about the differences between the Communists of China and the Communists of Russia. Mao Tse-tung, Chu Teh and others are first of all Chinese, and secondarily Communists. These Chinese Communist leaders seek an honest and deserved improvement in the standard of living of the Chinese masses but they do not let their political or social ideology interfere with their patriotism. They do not propose to tolerate Japanese intrusion into their personal quarrels with Chiang Kai-shek, and they have agreed to put aside their program for social reform until after the successful completion of the war against Japan.

"Anti-Communism" was a slogan which was popular in Japan and vaguely acceptable to the rest of the world, but no thinking person accepts the proposition that a buffer state or a powerful army constitutes a bulwark against the spread of an idea. Communism is an idea, a theory, and it will spread wherever human contacts prevail. Communism must stand or fall according to its own merits or defects. It is international, and is therefore weak. It has been denied the active support of its erstwhile sponsor, Soviet Russia. The issue of whether or not Japan will be exposed to more Communism will have to be settled quite independently of the China campaign. Victory or defeat in China would retard or accelerate the inroads of Communism, but neither could prevent the Japanese masses from eventual exposure to the "blessings" or the "ravages" of the disease—depending upon the point of view.

In 1937, as now, the Japanese belief in their divine destiny amounted to religious fanaticism. Many Japanese publicists exploited the sentiment that the Japanese are "God's chosen people and the only people who know perfectly how to live

in accordance with the Heavenly way." They really believed that it was their duty to extend the blessings of their ordered civilization to the Chinese and eventually to the world. They regretted the necessity of harsh measures but they did not hesitate to apply the rod of punishment for the good of their victims. They insisted that they were the champions of the West in China, in that they were standing firm for treaty rights which the "cowards" of the West would have surrendered without a fight. Their ultimate objective was the peace of the world, and the first step on the way was the establishment of peace in the Orient with the aid of the heaven-caressed Japanese sword. Here again was a strong factor for unity within Japan. It is comparatively easy to extract sacrifices from a loyal people, when those sacrifices are dedicated to a cause which is nationally popular and endowed with the sanctity of a religious crusade.

The real causes of Japanese penetration into Eastern Asia were not exclusively in the familiar formulae of population pressure, markets and raw materials. These continuing economic problems are admittedly aggravating. The area of Japan is less than that of California and it supports a population twelve times as great. Per arable square mile, the Japanese have 2774 human beings, as compared with 2170 in Great Britain, 1709 in Belgium, 806 in Germany, 467 in France and 229 in the United States. That population is increasing at the rate of one half million workers, or one million people, per year. For these increasingly crowded conditions, birth control offers little immediate relief, migration is unpopular, and expanded industrialization implies the endless difficulties which would come in the shape of retaliatory measures in the event that Japanese products should threaten to flood the markets of the world.

Moreover, industrialization brings with it the displacement of human labor by machines, with its consequent aggravation of unemployment.

The Japanese population dilemma—expand or explode—is extremely serious now. But Japan's population problems are not vastly different from those of Europe. The cycle of increase is the same except Japan is thirty years behind. Age composition is already changing. Marriage age is getting higher and the preponderance of youth tends to disappear. By 1955 Japan will approach a population plateau. The people of Japan live in congested areas but they can find little hope of relief in a country which is even more crowded than their own. Population pressure is measured by degree of industrial development and commercial opportunity as well as by people per arable square mile, which explains why industrial Japan has less population pressure and a higher standard of living than its agricultural Chinese neighbor, where the margin of existence is exceedingly slim. In China, the agricultural output per acre is high, but per unit of labor is low. The rural population is underfed, ill-housed, decimated by preventable disease, subject to flood and drought and is sucked dry by usury. Eighty-five percent of China's population lives on seventeen percent of its land.

Japanese markets in China do not depend upon political control. They depend upon an increased Chinese purchasing power, because Japanese sales in China can never surpass the Chinese ability to pay. Japan can not afford to assist in the development of an independent Chinese industrial machine, because that would mean not the enhancement but rather the destruction of the Japanese position in the markets of the entire world. China could undersell Japan just as Japan has undersold Great Britain, if China had the factories and the technical experience of Japan. It is the conviction of one outstanding Japanese business man that

> we Japanese must control the industrial destiny of China. Chinese industries must grow as an adjunct to rather than as a competitor of the industries of Japan. We do not intend China to be-

come a self-sufficient economic unit but rather a feeder for the greater Japanese industrial machine which will supply all Eastern Asia and the South Seas.

With regard to raw materials, even with Manchoukuo, Japan produces only a small fraction of its iron, coal, oil, cotton, wool, rubber, tin and lead. Japan is self-sufficient in food, but its industries suffer from a woeful lack of raw materials. Huge combines control Japan's industrial life and they depend upon exports of silk, rayon, machinery, and cotton piece goods to pay for the raw materials which they must purchase primarily from the United States and the British Empire. Japan's heavy industries and capital-goods industries have benefited from war-time inflation, but its traditional light industries and producers of consumption goods have suffered drastic self-imposed restrictions in order to relieve the pressure on foreign exchange during the war. When Japan fixes prices to boost its exports, it automatically increases the prices of vital imports. Japan would like to reduce this dependence on foreign imports which consist primarily of the raw materials needed to further manufacture and commerce within Japan.

Leaving aside the question of rights involved, it is an inescapable economic fact that mere political control of China can never compensate for Japanese deficiencies in raw materials. Manchoukuo has belied its extravagant pretences to an economic paradise, and North China's advertised reserves are definitely limited. An economic bloc of China, Japan and Manchoukuo might become self-sufficient in coal, iron, cotton, timber, tin, tungsten and vegetable oils, but it would still need petroleum, wool, rubber, potash, bauxite and steel alloys. This bloc would be on the way to comparing with the British Empire, the United States, and the Soviet Union, but it could develop only with political peace, cooperation as equals, and appreciable quantities of foreign capital.

Political stability is necessary to attract new capital into a venture which demands long-run operation before profits can be expected. Japanese business men understand that investments in North China would bring eventual profits, if bandits, revolutions and guerilla warfare could be controlled quickly. They realize that conquest and protracted policing would cost more than the anticipated returns. Each new Japanese military manoeuvre deepens Chinese wounds, intensifies the anti-Japanese sentiment, and makes more difficult and costly the job of administration. The soldier is not the extractor of raw materials and his only possible economic advantage is in the operation of a system of forced labor or in the collection of a national indemnity.

The formation of a specific economic bloc of China, Japan and Manchoukuo was a major Japanese objective in the precipitation of war in 1937. Japan conceived of a monopolistic, colonial market in China for its capital and factory products. It wanted a tariff union which would permit the free or preferential movement of goods over the respective borders of the three countries. Japan would then integrate the resources and industries of all three for the primary advancement of Japanese interests. For example, Japan would continue the cultivation of its own food resources, for reasons of self-sufficiency in case of war, but it would have the Chinese convert the wheat-lands of the north into cotton fields. Then China could import wheat from vast, mechanized farms in Manchoukuo and in triangular payment could export cotton to Japan. Japanese mills would supply all the cotton textiles needed, Manchoukuo would supply all the wheat, and China would supply the raw cotton. The trouble with this arrangement would be the complete dependence of China upon Japan. In the event of controversy or crisis, Japan could bring China to terms by the mere threat of shutting off China's food supply. Russia had established a precedent for this type of relationship by forcing Turkestan into a cotton-

wheat arrangement with Siberia, and China had no desire to follow the luckless footsteps of Russia's Central Asiatic Republic.

China had other objections to Mr. Hirota's China-Japan-Manchoukuo economic bloc. The Japanese would have got all the key positions, and would have monopolized the companies organized to handle the trade. Shipping, insurance, warehouses, railways, trucking firms, commission men all would have been Japanese. The Japanese would have reaped ninety percent of the profits. The Chinese would have had nothing but the crumbs. Moreover, in the past, economic cooperation had often proved to be the opening wedge for political domination and eventual military control. The Chinese did not relish the prospect of subjecting their millions of private soldiers to the orders of Japanese generals. The rest of the world—Russia, Great Britain and the United States—regarded as a nightmare the possibility of disciplined, energetic, aggressive Japan in charge of China's millions of people and perhaps millions of dollars' worth of undiscovered and unexploited resources.

Japan endeavored to anticipate an economic bloc by squeezing China into a currency union with Japan. It sought to destroy the old Chinese currency, rob it of all value, and force China to conduct business transactions on the basis of the Japanese yen. The Chinese were able to borrow enough British money to keep their reserves adequate and to block achievement of Japanese objectives. Japan also wanted China to sell much to and to buy little from the rest of the world, in order to accumulate an excess of dollars or equivalent in foreign exchange. In the meantime, Japan expected to buy much from China (paying in yen) and to sell little to China, particularly if the goods involved should contain any foreign raw materials in the process of manufacture. If China were to go on the yen basis, and pay Japan for its exports in yen, those yen would add nothing to Japan's wealth in

foreign exchange. The exchange controls of the puppet governments in China, the licenses, quotas and restrictions on imports into China, tariff and tax discriminations, and the encouragement of exports out of China had all been designed to achieve Japan's quiet purpose of destroying China's currency and absorbing China into the yen bloc with Japan, Formosa, Korea and Manchoukuo.

Japan calculated its strategy in China in strict conformity with the requirements of a military test of arms with Russia. The military menace of the Russian nation is a very real thing to Japan. Vladivostok—the Master of the East, it signifies in Russian—is in the geographic heart of the Japanese Empire. Look at the map. Submarines operating from this harbor could threaten the shipping lanes of Japan and the inter-island arteries of communication. Airplanes from Eastern Siberia could reach the industrial areas of Tokyo, Yokohama, Osaka and Kobe in three and one-half hours flying time, and their cargoes of deadly incendiary bombs could consign to flames a large part of the industrial superstructure which is the strength and pride of Japan. The flimsy homes of the Japanese peasants and city dwellers are so close and so inflammable that a fire in one building would quickly consume an entire area.

In spite of the demands of the China campaign, Japan concentrated troops on the Siberian border in answer to Russian concentrations, and moved across the plains of northwestern Manchoukuo towards the territory of Russia's ally, Outer Mongolia. Other Japanese units continued to try to set up an independent state in Inner Mongolia, and to cut the Russian line of communications which proceeds from Ulan-Ude, on the Trans-Siberian Railway, thence to Urga, to Paotowchen, and eventually into China proper. Russian supplies were coming to China's assistance over this ancient caravan route. If the Japanese could have cut this route, they could have then advanced further into the west and cut the second route

which joins Siberia to Central China, by way of Semipalatinsk, Chuguchak, Tihwa, Hami, Lanchow and Sianfu.

Japan wanted to protect its own mainland by controlling a buffer area on the Asiatic Continent. Manchoukuo, Mongolia, and North China, together with the connecting land routes, form a natural anti-Russia first line of defence. Japan therefore proceeded with the occupation of the exact military lines which it desired in Eastern Asia, looking beyond the conquest of China to an eventual battle against the Soviets. In the spring of 1937, an active campaign in China seemed to be an excellent escape from the pressures of Japanese internal dissensions.

The population of Japan is predominantly agricultural. It derives a meagre living from rice, a limited variety of garden vegetables, and an abundance of seaweeds and fish. Before the collapse of the silk market, the women folk had been able to supplement the family income by the cultivation of silkworms, but the present vogue for synthetic substitutes has destroyed the raw-silk home-industry and substituted for it the giant rayon factories which flourish in the cities. Almost every peasant homestead feels the loss of the extra yen which formerly kept the family budget in the black.

Agricultural rents were increasing, costs of fertilizers were going higher and higher, interest on the farm mortgages demanded for its satisfaction relatively greater quantities of produce. Inflation boosted the price of everything which the farmer had to purchase, but the Price Control Commission ordered that there should be no increase in the price of rice which the farmer had to sell for his income. A higher price of rice would have meant a boost in wages, and as a consequence of this greater production cost, employers of labor would have charged higher prices for their goods abroad. This automatically would have destroyed much of the comparative advantage which Japan enjoyed in the markets of the world. The whole scheme of selling cheaply abroad depended upon

increased burdens on the backs of Japan's frugal, patient, agricultural population. The fixed expenses which the peasant had to meet were fairly constant in terms of yen, but they were mounting alarmingly in terms of bushels of rice required to pay them.

The peasants and agricultural tenants were organized into embryonic agricultural unions to express their grievances. There were protest meetings, and in some cases riots, against usurious landlords. But the peasants never combined on a large scale, and the Japanese national program of repression of dangerous thoughts prevented any demonstration remotely approaching a general peasant rebellion.

But the growing discontent was there. Life was becoming harder and harder for the peasants who were obliged to send their sons to the army and their daughters to the brothels and factories in the city. These peasants had to surrender to the tax collector an ever-increasing proportion of their income and in return they received practically nothing from the Government. National programs of farm relief were shelved in favor of helping the city industrialists or the military services in the face of the national emergency. Patriotic peasants would not dare, or care, to give voice to their grievances in face of a war in China.

The industrial proletariat was equally discontented. In some industries, the accumulation of war reserves acted like a shot in the arm. The depreciation of the yen and the rich government subsidies kept men at their machines day and night, and contributed fat increases to their pay envelopes. But in other industries men were thrown out of their jobs, and their living costs climbed steadily. Dangerous thoughts multiplied, labor unions increased their agitation, and disputes became more frequent. One observer believed that "the whole policy of emperor worship and the whole structure of feudal-financial combines faced impending doom".

The industrialists were no happier with the trend of events

than the agriculturalists or the laborers. Every year since 1931, the Bank of Japan has been forced to absorb prodigious amounts of "red ink" bonds, and thereby supply the budget demands of the voracious military leaders. National expenditures regularly exceeded revenues, because of the rearmament and China programs. It was always the Bank of Japan and its industrial depositors who were called upon to finance the deficit. They received sterile government bonds in exchange for their cash reserves. Further inflation would have decreased the value of their dubious accumulations, and the Japanese financiers had a nervous apprehension that they had purchased all the government securities their vaults could hold.

The rate of growth of Japanese foreign trade had decreased seriously and Japan in July 1937 faced the prospect of an adverse balance of a billion yen in its annual overseas commodity trade. The insatiable demand for raw materials increased the amounts and costs of imports, while rising costs of exports, the China venture and retaliatory measures of foreign countries seriously cut into Japanese sales abroad. Tariff discriminations, quotas, and licensing systems forced Japan to curtail its activities in some markets and to exchange a greater and greater amount of exports for a constant amount of imports. An adverse world opinion limited the amount of services, or invisible items, which Japan would ordinarily sell abroad. Therefore Japan faced the necessity of exporting gold, of transferring some of its gold credits abroad, and of weakening thereby the reserve upon which its international currency was based. In July 1937, this process had gone as far as it could comfortably go.

When all these factors are added to the unrest rampant in the military services, due to their itching for action in China, and their prospect of seeing their appropriations cut, it becomes quite clear why Japanese leaders chose to divert attention away from internal crisis rather than cope directly with their problems by domestic measures. This delineation

of the internal situation in Japan is not intended to create the impression that Japan was sitting on the edge of the volcano. To outward appearances life was determined and calm, but not calm enough to quell the peasants, the laborers, the industrialists, the militarists, the navy, the bureaucrats and the professional liberals. The China affair would provide space and a temporary outlet for all malcontents—bigwigs or proletariat. But the ugly spectre of their problems will remain to haunt Japanese statesmen after the China campaign has passed into history.

JAPANESE STATEMENTS OF POLICY IN CHINA

Very frequently official statements of war aims have little or no relation to the causes of war. Again, these statements seem contradictory to actual courses of action, and the "theory of war" seems irreconcilable with the facts. It is a serious thing to impugn the veracity of officials in charge of government policy, but the published speeches of Prime Ministers, Foreign Ministers, and officers in the field express sentiments and intentions which are extremely difficult to understand and accept.

Immediately after the outbreak of hostilities, Prince Konoye, perhaps in an unguarded moment, declared that "Japan's one course is to beat China to her knees, so that she may no longer have the spirit to fight." In December 1937, he authorized the German Ambassador to China, Dr. Trautmann, to present the following four points as basic conditions for the solution of the affair:

1. China to abandon her pro-Communist and anti-Japanese and anti-Manchoukuo policies to collaborate with Japan and Manchoukuo in their anti-Comintern policy.
2. The establishment of demilitarized zones in the necessary localities and of a special regime for said localities.
3. The conclusion of an economic agreement between China, Japan and Manchoukuo.
4. China to pay the necessary indemnities.

When China refused to accept these terms, Prince Konoye told the Diet:

I am unable to state the limit to which operations will be carried or when we will be able to call a halt, but I can tell you that we will never give up an inch of the areas occupied.

This declaration appeared so soon after the Chinese rejection of the Japanese overtures, that its extremity sounded like a device for continued Oriental bargaining. However, the Japanese Imperial Headquarters met early in January 1938, and officially informed the nation that henceforward

the Japanese Government will cease to deal with Chiang Kai-shek and they look forward to the establishment and growth of a new Chinese regime . . . which will cooperate fully for the adjustment of Chinese-Japanese relations and for the upbuilding of a rejuvenated China. This involves no change in the policy of respecting the territorial integrity and sovereignty of China, as well as the rights and interests of other Powers in China.

In May, Foreign Minister Hirota consented to explain in some detail the implications of the announced Japanese intention to establish a new regime in China:

We have no intention to negotiate a peace with the Chiang Kai-shek regime.

We are looking for a steady development of the new governments at Peiping and Nanking, which, when merged into one administration, will constitute a regime strong enough to take care of all affairs under their respective jurisdictions.

In the meantime, Japan will continue to carry on her military operations against the Chiang Kai-shek regime and its ally, the Communist element.

As to the conditions under which Japan would agree to a cessation of hostilities, I should say that since the present conflict was caused . . . by successive anti-Japanese acts on the part of the Chiang Kai-shek regime, a definite cessation of such acts and a pledge against their repetition in the future must constitute a

primary condition for the cessation of hostilities. Until this is brought about, Japan can not and will not lay down her arms.

These general observations that Japan would recognize an amalgamated Peiping and Nanking regime when it should become strong enough to replace the Kuomintang, and that Japan would not cease hostilities until Chiang abandoned his anti-Japanese policy, were not nearly so precise as the peace terms which the British Ambassador had taken to Chiang from Japan during the preceding month (April 1938). Japan then defined its peace terms as the autonomy of Inner Mongolia; the right to garrison troops north of the Yellow River and in Canton, Hankow, Nanking and Shanghai; the governance of China north of the Yellow River by a Council employing Japanese advisers, and an indemnity of $200,000,000, which the Japanese would invest in China. This last was an exceedingly clever demand. Japan anticipated that the Chinese would have to borrow the money from the Powers, then the Chinese would turn it over to Japan, which would be exactly the same thing as Japan borrowing directly without having to pay the bill.

In October 1938, after the fall of Canton and Hankow, General Itagaki declared that "Sino-Japanese hostilities have just begun." His statement, plus the announcement of a co-ordinated China Affairs Board, introduced a new tone into the definition of Japanese policy. It became more conciliatory towards China, and more bellicose towards the third Powers with interests in China.

In November 1938, on the occasion of the birthday of the Meiji Emperor, the Government announced its immutable policy in these words:

> The Kuomintang Government no longer exists except as a mere local regime. However as long as it persists in its anti-Japanese pro-Communist policy our country will not lay down its arms—never until that regime is crushed.

What Japan seeks is the establishment of a new relationship of mutual aid and coordination between Japan, Manchoukuo, and China in political, economic, cultural and other fields. Its object is to secure international justice, perfect a joint defence against Communism, create a new culture and realize close economic cohesion throughout East Asia.

What Japan desires of China is that that country share in its task of bringing about this new order in East Asia. She confidently expects that the people of China will fully comprehend her true intentions and that they will respond to the call of Japan for cooperation.

Even the participation of the Kuomintang Government would not be rejected if, repudiating the policy that has guided it in the past and remolding its personnel to translate its rebirth into fact, it were to come forward to join in the establishment of a new Order.

Two elements leap into the limelight from this long quotation. Japan spoke of a "NEW ORDER" and of the possible Kuomintang participation in its establishment. Prince Konoye issued another statement of policy, December 22, 1938, which said in part:

The Japanese Government is resolved to carry on military operations for the extermination of the anti-Japanese Kuomintang regime, and at the same time to proceed with the work of establishing a new order in East Asia, together with those Chinese who share our ideals and aspirations.

Japan, China and Manchoukuo will be united by common aim of establishing a new order in East Asia and, realizing the relationship of neighborly amity, a common defense against Communism and for economic cooperation.

For that purpose it is necessary, first, that China should cast aside all narrow prejudiced views of the past and do away with the folly of anti-Japanism and resentment regarding Manchoukuo. Japan frankly desires China to enter of her own free will into complete diplomatic relations with Manchoukuo.

Japan considers it essential that there should be concluded an anti-Comintern agreement with China in consonance with the spirit of the anti-Comintern pact between Germany, Japan, and Italy.

Japanese troops shall be stationed at specific points during the time the agreement is in force and Inner Mongolia shall be designated as a special anti-Communist area.

Japan only seeks to render effective cooperation and collaboration between the two countries. That is to say Japan demands that China, in accordance with the principle of equality between the two countries, should recognize freedom of residence and trade on the part of Japanese subjects in the interior of China with a view to promoting the economic interests of both peoples and should extend to Japan facilities for the development of China's natural resources, especially in the regions of North China and Inner Mongolia.

What Japan seeks is neither territory nor indemnity for the cost of military operations. Japan demands only a minimum guarantee for the execution of her function as a participant in the establishment of a New Order.

Japan not only respects China's sovereignty but is prepared to give positive consideration to questions of the abolition of extraterritoriality and the rendition of foreign concessions and settlements, matters which are necessary for the full independence of China.

Foreign Minister Arita frequently repeated these objectives: a "New Order," anti-Communism, abolition of anti-Japanism, garrisons in China and Inner Mongolia, freedom of residence and trade for Japanese in China, Japanese help in exploiting China's natural resources, no territory, no indemnities, and a sly hint that Japan would help in abolishing the foreign concessions.

As the war in Europe occupied an increasingly important position in world affairs, the Japanese Foreign Office became less explicit in its pronouncements concerning China. Foreign Minister Matsuoka ushered in the year 1941 with the statement that Japan would seek the firm establishment of world peace in accordance with the lofty spirit of *Hakkoichiu* (eight corners of the world under one roof). This presupposed the complete settlement of the China affair as the first step to-

wards the construction of a New Order in Greater East Asia. Mr. Matsuoka continued:

> We are not fighting for destruction but construction. We are endeavoring to initiate an era of enduring peace and unlimited prosperity based on justice, equity and mutuality in Greater East Asia where we firmly believe we have a great mission as a civilizing and stabilizing force. We stand for peace and order. There shall be no conquest, no oppression, and no exploitation under the new order.

As General Chiang listened to those words on his short-wave radio, he must have wondered about the definition of terms or perhaps he might have experienced a glow of satisfaction in thinking that his own stubborn opposition to Japan would guarantee the accuracy of the Foreign Minister's declaration. For Japan's own best interests, Japan must turn from its high-handedness in China, to its problems in South Eastern Asia.

JAPAN'S BALANCE SHEET IN CHINA

It is costing the Japanese nation a tremendous amount of blood and treasure to collect their dubious gains in China. Japanese casualties are listed by some trustworthy foreign observers as higher than a half million men. Japanese figures are much lower because of the policy of the War Office to understate its losses. On one occasion, the spokesman for the War Office told the assembled newsmen that 2000 Chinese had unleashed a bayonet charge against a smaller Japanese force, and when the battle was over the Chinese left 700 bodies on the field while only ten Japanese were killed. When asked how the Japanese could lose only ten men, the spokesman replied: "That's what I'm wondering. I only know what the official dispatches say."

These losses in men represent the flower of Japanese manhood. The terrible lesson of early casualties prompted the

Japanese to transfer their younger units to the North and order the older men into service in the Yangtze Valley. One Y.W.C.A. worker sends a typical report from Japan that the village butcher, the father of three children, has been ordered to the front; and another foreigner in a different part of Japan writes that the last draft from his town took the laundryman, the grocer, and the vegetable-hawker. Some Japanese welcome the chance to fight, others are thankful for astigmatism or fallen arches.

These Japanese men at the front represent a cross section of Japanese life, and when one man is killed, it means a definite loss to some Japanese community. Educated persons, laborers, professional men are forced to fight side by side—whereas in China the soldiers are mercenaries without any connection with the ordinary routine of an interior village. The Chinese could lose a dozen times as many men as they have already lost and still call upon "professional" soldiers to close the gaps in their ranks. The difference in the relative social importance of the casualties represents a tremendous cost to Japan.

The psychology of the Japanese people is still at fever heat in support of their government's program. There is no war-weariness in Japan. The people, civilians and military alike, are in a brisk dynamic mood. Naturally, they feel the lack of sugar, coffee and decent textile goods, but the privations are equally divided and there is comparatively little grumbling. They all continue to cherish the enticing dream of empire, and they all believe that they are fighting for the peace of Eastern Asia. "People in the latter part of this century will cry out loudly that the Foundation stone of Real Peace in Eastern Asia was founded in 1937", writes one University boy. The military leaders have excelled themselves in the sale of their wares to their own innocent compatriots, but the ardor of Japan might conceivably cool if an unexpected military setback or economic complication with the Powers should

interrupt the roseate string of victories. Every day the war drags on gives rise to more and more honest questioning on the part of intelligent liberal Japanese. Why should they go on fighting and paying for a war which was won two years ago? Every mother's son who returns in ashes represents one individual heart-ache which at least prompts a regret that these things had to be. In the early black morning hours, almost every day, strings of ambulances crawl from the station to the hospitals with the badly wounded, and tiny processions escort to some temple graveyard a white box which contains all that is left of some one's hopes and memories. Only those who have suffered the horrors of war know the cost of the China venture and to be sure their lips are dutifully sealed.

Admitted that the Japanese are as intensely patriotic as any people in the world, and that their attitude towards life and death is more fatalistic than most, nevertheless their emotions are human emotions and their joys and pleasures would be greater in peacetime pursuits than in the catastrophic game of war. Japanese psychology is unshakable for the moment, but in the face of adversity it might break and force an entire right-about-face on the part of their own leaders.

The economic loss of the present war will weigh heavily on Japan for many years to come. Each Japanese soldier in China costs his Government the equivalent of eight American dollars per month, exclusive of his ammunition and military equipment. The airplanes have dropped costly bombs regardless of expenses, and the battleships in the Yangtze River have belched forth shells in such rapid succession that the heat of the gun has often destroyed its own rifling.

There has been no question of economy in the Japanese military campaign; it has been a case of win no matter what the cost. Gold reserves have been depleted, the national debt has sky-rocketed. Annual appropriations have reached a staggering total of 16,000,000,000 yen, accumulated supplies of

raw materials have approached exhaustion, and tons of expensive explosives have been shot away. The replacement program for the exhausted reserves will strain the nation's resources, the costs of administering the newly gained territories will add to financial burdens, and the losses of men will not ease the path of reconstruction which the Japanese will have to travel. And while the Japanese have concentrated on the controversy with China, they have suffered shipping losses and tourist declines. They have also exposed to loss their newly acquired markets in the South Seas, South America and Africa where aggressive British and American salesmen have not been slow to take advantage of the Japanese preoccupation in China.

Japanese leaders appreciate these strains more than the masses do. The leaders have to worry about the direction of national policy, but the masses undergo the privations. Farmers' costs go up, while their income loses its purchasing power. Rice is expensive and scarce; charcoal, sugar, matches, textiles, cotton, wool and leather are rationed; and the markets always sell their products at prices away above the official maximums. Temptations to bribery and hoarding are inescapable, and it gets a bit monotonous to live the heroic, simple life of their fathers. The laborer receives good wages, if employed in war industries, but then there is no place to spend the money. But if he has had the misfortune to be hired by the textile mills, his income is skimpy. And he has no right to strike or move freely into a more lucrative market.

Economic maladjustments intensified by hostile embargoes have necessitated a Supreme Economic Council for the complete control of all agricultural, vocational and industrial associations. Its task is to rationalize production, extend communications and transport, strengthen trade, banking, finance and to strive for optimum self-sufficiency of the China-Japan-Manchoukuo economic bloc. It permits private industrial enterprise, thereby keeping the support of the big family

enterprises, but warns that the government may take over any plant or factory in case of need. It emphasizes the necessity, as well as the patriotic duty, of working for public service rather than private profit.

Win or lose, the China Affair is a serious undertaking for Japan. Japan has staked its prosperity, if not its very life, on the success of its undertaking. Japan demands exclusive domination of its own geographic area and has chosen to assert once and for all its military and economic hegemony in Eastern Asia. It has unleashed the whole of its entire power in a duel to the death, first with its own surprising Chinese neighbor, and second with the Powers who would guard the interests and privileges which they have established as the result of a century of commercial intercourse.

CHAPTER FOUR

The Effect of the Sino-Japanese War upon the Interests of Third Powers

THE TREMENDOUS DISADVANTAGE to any third Power in modern warfare is that a non-belligerent can not escape the disastrous repercussions of actual hostilities upon its own rights and interests. Undeclared wars are particularly disastrous when one of the belligerents accuses a third Power of a breach of neutrality or of actual aid to his national enemy. The undeclared war between China and Japan illustrates graphically these assertions. Since 1931 China has bent over backwards to meet the claims of the Western Powers, while Japan has become increasingly bitter against Great Britain "and others" for deliberately standing in the way of the realization of the "New Order" in Greater East Asia.

THE ATTITUDE OF CHINA AFTER 1931

Between 1931 and 1937 China had little occasion or little desire to intrude into the affairs of other nations while it was so preeminently preoccupied with internal problems. China took care of international difficulties—like claims for property lost, disputes over southwestern frontiers, or problems arising from the attempted nationalization of the mission schools—in a routine diplomatic way. China fulfilled its obligations to the League of Nations and went along with the Powers in the ill-starred endeavor to "sanction" Italy out of Ethiopia.

China's policy during those years is easy to trace, because it was so completely controlled by a small handful of men. These men had their headquarters in Nanking, and their sentiments dictated the tone of the correspondence exchanged with the Powers, of the daily press, and of the flights of oratory which deluged China.

These national leaders were conciliatory and pacific, as can be shown by their personal relations with representatives of foreign nations at the national capital. At Nanking, the Chinese clique in control of foreign relations brought into being a new country club and a new International Club. They organized multitudinous Sino-American, Sino-French, Sino-German or Sino-British societies, and they extended every facility, in a spirit of accommodation which bordered on subservience, to foreign students or travelers who might in any way contribute to a better understanding of things Chinese.

Chiang Kai-shek himself, in speaking to the National Congress of the Kuomintang in November 1935, dismissed foreign policy from his keynote speech with a brief declaration:

> We should seek harmonious international relations provided there is no violation of our sovereignty. We should seek economic cooperation based upon the principle of equality and reciprocity.

A year and a quarter later, February 1937, he delivered the only other important pronouncement on China's foreign relations when he addressed the Third Plenary Session of the Fifth Central Executive Committee in these words:

> China's foreign policy is non-toleration of acts of aggression against Chinese territory and non-conclusion of any agreement detrimental to territorial sovereignty. In her relations with other nations, China shall proceed along the path of world peace and work for the enhancement of international friendship.

The political seas were infinitely smoother than the eco-

nomic seas. China experienced some difficult navigation in piloting its ship through the economic storms which beat about the feeble craft. Reconstruction demanded foreign loans, but many Chinese opposed loans on general principles. One political thinker declared at the Banff Conference of the Institute of Pacific Relations in 1933:

> China today does not welcome loans of any kind. A self-help temper prevails throughout the country. We have got away from merely complaining about outsiders. There have been fewer student outbreaks of an anti-foreign character of late. China is not even over-anxious to have help from the League. There is a determination to solve our own problems ourselves, under the direction of Chinese intelligence.

Another Chinese delegate to the same Conference confirmed these sentiments and added:

> Further loans result in consequent entanglement. Let us try to set our own house in order. Then, when we have need of credit our loans will be over-subscribed.

Both these men represented a deep disappointment and disillusionment which nestled close to the heart of every Chinese patriot. In Manchuria, the Chinese had put their faith in a policy of "Non-Resistance": do not fight the Japanese under any provocation. Their reasoning was based upon two assumptions: first, that Japan would then have no excuse for the formal declaration of war, and legitimate spoils of victory, and, second, that the Western Powers would come to their rescue and stop the Japanese invasion. When Chinese reasoning proved fallacious, the sentiment of non-resistance gave way to a grudging conviction that nothing could be expected from the Powers, and the only thing for China to do would be to strengthen itself and strike out against Japan eventually completely on its own.

Eventual resistance would have to be preceded by a planned

economic reconstruction. China hesitated before embarking on luxurious schemes, but it nibbled at tempting offers of foreign collaboration. China negotiated with the United States for an extension of wheat and cotton credits to a maximum of $50,000,000. It entered into an agreement to exchange its silver for gold-equivalent in the United States, and, according to the report of an American Economic Mission under the chairmanship of W. Cameron Forbes, it looked ahead to an appreciable increase in Sino-American trade.

China enjoyed equally auspicious collaboration with Great Britain. Through a revised agreement for the return of Boxer funds, China obtained credits for railway construction and other "economic and cultural projects" where they were badly needed. A Chinese Purchasing Agent bought British materials for use in profit-making enterprises, and the profits from the enterprises were spent in educational institutions in China. A representative of the Export Credits Guarantee Department set up offices in Shanghai. The Chinese paid up arrearages on defaulted railway bonds, and for all the world it looked as if British investors could again purchase Chinese securities with a reasonable expectation of assured income.

But the dull side of the economic picture dimmed its optimistic façade. The Japanese objected to reconstruction and took steps to enforce their objections. As one Chinese defined the international implications of economic reconstruction: "From the United States we get the training of the Chinese personnel; from the League of Nations the technical advice of experts; from Great Britain an important portion of the money; and from Japan, all the obstruction."

Chinese world trade slumped. The inflated price of silver on the world market resulting from the well-meaning American Silver-Purchase Act, reacted in favor of Chinese banks and the Chinese Government which owned the silver, but it reacted disastrously upon the impoverished peasants or laborers who had to trade their rice or labor for the expensive

metal. Chinese individuals were forced to surrender more commodities or more effort to get an equal amount of pay. Internal prices went down, exports fell off, and silver had to be exported to balance the international income account. Credit contracted, debts could not be paid, the banks could not meet their obligations, the Shanghai real estate boom collapsed, and China had to embargo the export of silver. The nation went off the silver standard and had no adequate substitute.

In this *cul de sac*, it invited an Economic Adviser of the British Government, Frederick Leith-Ross, to search for a way out of their economic depression. Mr. Leith-Ross hoped for the co-operation of experts from France, the United States, and Japan, but he was obliged to work out the Chinese financial problems on his own responsibility. After nine months in China he helped the Government initiate a policy of incontrovertible managed currency, backed solely by Government credit. This meant that the paper notes which were put in circulation had inadequate silver reserves, but could circulate freely as long as people had confidence in the Government. It was rather a risky step in loosely knit China, but it worked. The masses showed their confidence in Chiang Kai-shek by accepting the notes of the Central Government, and by using them indiscriminately with other currencies from Canton to Peking.

Agricultural purchasing power increased as prices scooted back up, and China reduced substantially its persistent adverse balance of trade. These were evidences of progress on the long, difficult road of putting China's financial structure on a thoroughly sound basis and realizing some of the roseate estimates of China's potential commercial power. Many further steps had to be taken and Mr. Leith-Ross defined them clearly. He emphasized the needs for a completely unified note-issue and a strong central reserve bank; for systematic help to the tottering local commercial banks; and for a balanced budget

which could be achieved by reducing military expenditures.

With regard to trade he recommended improvement in the systems of transport and communications; standardization and improvement in the quality of exports; and a downward revision of the tariffs. He would bolster the credit structure by meeting obligations on capital and interest charges already overdue, by keeping intact the Maritime Customs, and by concentrating on the possibility of borrowing middle-term loans particularly for utilities.

China's new Minister of Finance, Dr. H. H. Kung (whose wife is the sister of Mme. Chiang Kai-shek, of Mme. Sun Yat-sen, and Mr. T. V. Soong), took these recommendations to heart and pursued an economic policy of co-operation with the Powers which paralleled exactly the Central Government's policy of political co-operation. It brought results, because by 1936 Chinese opposition to more foreign investments had diminished to the point of disappearance. After the currency reform, China got materials from abroad on long-term credits which were tantamount to loans. The United States advanced $750,000 for Baldwin locomotives, and English, French, Belgian and Czechoslovakian capital came in for railways, communications, raw materials, industries and military supplies.

The new advances differed fundamentally from the loans to China which had stigmatized the era of disguised imperialism. In 1936 and 1937 the Powers sought to loan to China, they did not wield force; they loaned through Chinese, not foreign banks; and they contented themselves with five percent, not fourteen or fifteen percent interest. They eliminated the old "control" features which had converted economic investment into disguised instruments for political penetration. When Chinese and foreigners set up joint industries in 1937, they agreed that the majority of stockholders and directors should be Chinese; that the manager and the chairman of the board of directors should be Chinese; that the corporation

should be subject to the laws of China; and that first choice in men and materials should be given to those of Chinese national origin. On these liberal terms the American and German aviation interests entered into the Eurasia and the China National Aviation companies.

At the time of the opening of hostilities between China and Japan, third Power interests in China centered about their claims on the Maritime Customs as security for investments; rights flowing from the Boxer indemnities; huge direct and portfolio investments; and their lucrative trade with its concomitant financial sources of income. Foreigners controlled two-thirds of China's steam tonnage; one-half its cotton mills; and a large share of its trade in oil, tobacco, and native raw materials. Two foreign-owned mines supplied one-half of China's coal consumption, and a Japanese company practically monopolized the Chinese iron supply before the war began. One-third of China's national debt was owing to foreigners and much of this debt was tinged with political corruption. Two-thirds of all foreign investments were located in treaty ports, where they were beyond the reach of Chinese political control.

Most of the Powers had made arrangements to remit to China their portions of the Boxer indemnity. China would appropriate the money from the Customs Collections, turn it over to the account of the Powers, and then receive by bookkeeping procedure back from the Powers payments in accordance with treaty arrangements. The Russians, the Germans and the Austrians had lost their portions of the Boxer indemnities during the world war, so China would appropriate these sums, pay them to itself, and use them as security for internal loans. The French and the Italian portions had been discounted for specific loans in 1925 and 1933 respectively. The Japanese had put their payments in a trust fund, the interest of which was set aside for cultural purposes in China. The Belgians and the Dutch had refunded their shares

for economic projects. The British had returned theirs for purposes of railway and communications reconstruction, conservancy works, electrical enterprises and cultural activities. The Americans had authorized the Chinese to spend the American payments primarily in the upkeep of Tsinghua University and in scholarship grants for Chinese students who study in America.

There is an underlying element of selfishness in the Boxer remissions. Primarily, of course, these remissions accrue to the benefit of the Chinese. But each nation returned its funds in a manner intended to increase the good will or prosperity of that nation in China. British-financed railways, for example, must purchase British materials, and American-supported students must study in the United States. It was thereby expected that when these students would return to China they would take pleasant memories of some alma mater, and a potent wish to buy some of the luxurious products which they had learned to depend upon in the United States. This is merely an explanation and not an indictment.

The investments of the Powers in China at the time of the Sino-Japanese war's outbreak were distributed approximately as follows:

		(Millions of U.S. Dollars)			
	Percent	Total	Great Britain	Japan	U.S.
General Purposes of Government	13	427			
Transportation	26	846	135	415	11
Communications, Public Utilities	4	128	48	15	35
Mining	4	128	19	87	..
Manufacturing	11	376	173	165	20
Banking and Finance	6	214	115	73	25
Real Estate	10	339	202	73	8
Imports and Exports	15	483	240	183	47
Miscellaneous	8	282	28	71	2
Obligations of Foreign Municipalities	14				

Just a glance at the table makes clear the respectable size of the amounts involved, the great proportion of the invest-

ments in railways, the nearly equal amounts of British and Japanese origin and the comparative paucity of the American stake in investments.

With regard to foreign trade, China accounted for only about two and one-half percent of the world's import trade, and a comparable amount of the world's export trade. The United States and the British Empire supplied 40 percent of China's imports and took 63 percent of its exports. China dealt with other nations in 1936 in lesser amounts, as shown in the table which follows:

	(Millions of Chinese Dollars)				
	Imports	Exports	Total	Imports %	Exports %
British Empire	204	225	429	22	28
United States	189	193	382	19	26
Japan	170	134	304	16	14
Germany	150	39	189	16	5
France and Indo-China	36	56	92	4	5

From the rest of the world China bought metals and ores, oils, machinery, tools, paper, cotton goods, vehicles, chemicals, cereals, timber, sugar, tobacco and a whole host of miscellaneous items. In exchange for these articles, China sold textile fibres, eggs, vegetable oils, ores, yarn, seeds, hides and skins, tea, cereals, piece goods, fuel, tobacco, and vegetables. Under the heading of invisible items China had to pay the foreigners for shipping services, insurance and for students abroad; while in return China received huge sums from wealthy Chinese living in the United States and the South Seas; from the expenditures of foreigners for their diplomatic and military establishments in China; and from the missionary institutions whose financial outlays trickled exclusively into Chinese pockets.

It will be a long time before exact knowledge can be obtained of the extent of the losses which these interests have undergone because of the war. Much foreign property was destroyed and much of the trade has dwindled away. Preliminary trade figures do not reveal how complete the disruption

really has been, because the totals give no indication of the shifts in the nature of the trade. Permanent peacetime mutually-profitable interchanges of goods were displaced by trade in war materials. Both China and Japan mustered every cent, to spend in the United States and Europe for munitions, implements of war, vital raw materials, trucks and motor cars. In spite of these changes in the commodities exchanged, and of actual increase which might have been expected from extraordinary demands for war necessities, China suffered a severe decline in its foreign commerce because of the Japanese control of the China coast, shown in the table which follows:

	Millions of Chinese Dollars			
	Imports		Exports	
	1938	1937	1938	1937
Japan	209	150	116	84
U.S.A.	151	188	86	231
Germany	112	146	56	80
Great Britain	70	111	56	162

The only exception to China's general decline was in its trade relations with Japan. Japanese exports to China included vast quantities of war materials sent to the Japanese army in China; while Japanese imports from China were inflated because they included the loot and the supplies taken from China and exported to Japan.

Many of China's imports from all countries after 1937, ostensibly purchased by China, were bought and paid for by the Japanese in China and many of China's exports to the rest of the world were actually from factories operated by the new conquerors of China's territory. Many American housewives who thought they were being kind in buying a statue labeled "Made in China" would have been immeasurably distressed had they known that the statue really came from a Japanese carpetbagger who set up shop in the wake of the Japanese army in China.

China's trade in 1939 was subjected to more severe strains because of extended losses of productive power, and an offi-

cial ban intended to cut Chinese imports by sixty millions of American dollars. The Chinese in 1938 paid out forty millions more than they received, and in the following year they resorted to drastic action to wipe out this tremendous deficit. They restricted Chinese purchases of wines, spirits, tobaccos, cigars, cigarettes, sugars, fruits, textiles, paper, tinned commodities and two hundred other items in order to save their money for essential war materials. At the same time they established a government monopoly on exports, authorized foreign exchange permits only through the Bank of China and the Bank of Communications, and in many instances forbade all international trade except through the medium of actual barter arrangements. In 1940 a disastrous decline in Chinese currency rates added to China's difficulties.

The Chinese have suffered their economic and political ordeals with unbelievable good grace. Their international policies have been meticulously correct and they have not been guilty of welching or whining, in spite of their appalling agonies. China has never sent appeals to the democracies as such, but some Chinese statesmen have laid some biting and embarrassing accusations at the doorsteps of those who have stood idly by while Japan is riding the tiger. For example, Madame Chiang syndicated in the papers of the United States the unpalatable truths that

> the tragedy is that the governments of democracies have had for some time to bow to the will of Japan because they are afraid of her; because they are still mesmerized by Japan's long insistence that she is invincible. . . . However if Japan proves herself invincible she will—with the probable unintended help of the democratic governments—conquer China, and will eventually leave her foot prints and her bomb prints not only upon the earth of China and the sands of time, but upon the soil and character of many occidentally controlled lands.
>
> After all we seem to have been left frigidly alone by the democracies to fight as best we can for the principles which the democ-

racies espouse—the sacredness of treaties, and international law and all that—as well as for our own salvation.

One disconcerting thing is that . . . the democracies seem to be willing to listen with a strangely attentive ear to the demands of Japan that the Powers should remain neutral.

These sentiments found official echo in the manifesto of the Emergency National Congress of the Kuomintang which was held in Chungking in April 1938. The manifesto affirmed:

China has taken upon herself the task of defending the sanctity of treaties and resisting any attempt at their flagrant violation. China's foreign relations are governed by two principles: one, we will scrupulously respect treaties designed for the maintenance of international peace to which China is a party and unflinchingly defend their sanctity and inviolability; and two, we will seek not only to preserve but further promote the friendly relations subsisting between China and other Powers.

The manifesto continued:

World peace is indivisible and the weal or woe of a part is necessarily the weal or woe of the whole. Any state which strives for world security strives for its own safety. It remains therefore for the Powers to exert their joint efforts to search the best means for checking aggression and guaranteeing world peace.

The Chinese do not expect the United States or any one else to go to war for them, but they can not understand why the great "democracies" hesitate to do something practical to restrain Japan, when they know that the Japanese campaign will certainly destroy foreign interests in China as it destroys China herself. It seems short-sighted to permit the frenzied quest for immediate profit to cripple the foundations upon which are established foreign rights and interests in Eastern Asia. Moral embargoes and licensing schemes have been pitifully little and distressingly late.

The situation has revealed interesting paradoxes. Before 1931 the Chinese were clamoring for the end of foreign privi-

leges, and they were none too careful about the exigencies of regular treaty procedure. The Japanese stood with the Powers in a United Front against China and insisted upon their full measure of most favored nation treatment. After the Sino-Japanese war began, the Chinese set themselves up as the champions of Western ideals. The Chinese did not want the foreigners to surrender their concessions, because surrender to China would have meant surrender to an administrative fiction dominated by Japan. As long as the foreigners should remain in Shanghai, Amoy, Tientsin, Hankow and Canton, they would form an effective checkmate to complete domination of China by Japan. But Japan believes that it no longer needs the guarantees of the outmoded "treaty system" and it has taken over the discarded Chinese position and has plunged into a battle royal with the Powers. During this particular phase of the battle, it is to China's interest to stand aside, and to egg on the Powers against Japan and to identify China's national interests with those of the Powers wherever possible. Above all, China must deny by silence all the anti-imperialist venom which it poured out upon its Western "exploiters" during the decade ending in 1931. The best that China can hope for is a general peace conference that would supply free China with a new opportunity to recover its lost sovereignty from all despoilers.

With regard to Japan, it is enlightening to trace its policy concerning foreign rights and interests in China and to analyze the transition from its original stage of expedient cooperation, through the phase of establishing its "special position," to the current determined effort to obliterate those foreign embarrassments which challenge Japanese hegemony in Eastern Asia.

JAPAN'S ASSERTION OF SPECIAL INTERESTS BEFORE 1931

Viscount Ishii has exposed the permanent bases of Japanese foreign policy as "equality" and "security." Equality implies

immunity from discriminatory or derogatory statements or actions and absolute sovereignty over internal administration. Japan achieved complete sovereignty at home with the final eradication of the last traces of extraterritoriality and treaty-tariff in 1911. It has fallen short with regard to the international implications of equality, in Alien Land Laws and in Immigration Exclusion. It resents these evidences of discourtesy but realizes that no amount of military strength is likely to persuade the Powers to abandon these annoying humiliations.

Security is more tangible than equality. It can be pursued by more definite measures. It can also be achieved by means which are in Japan's power to exercise. It is inspired by the haunting "fear" that a powerful nation might prove too strong for Japan's vulnerable defenses. Strength in armaments constitutes a prime requisite, and no less secondary is the insistence that no Great Power shall establish itself on the Asiatic littoral. Japan looks upon Manchuria as Great Britain looks upon the Low Countries or as the United States looks upon Mexico. Thus Japan drove Russia out of Manchuria and Inner Mongolia, expelled Germany from Shantung, prevented American penetration into Manchuria, limited the developing strength of the Chinese Republic and served notice on the Western Powers through Great Britain that it would not permit economic interests to expand into political bases from which the British Navy or its allies could dominate the life of Japan.

This concept of a "special position" with regard to China has always been in the minds of Japanese statesmen. So far as they are concerned, it results from the "providential relationship" between Japan and China. It was not created by international agreement nor can it become an object of abolition. As Baron Motono, a member of the Terauchi cabinet, expressed his convictions in 1917:

Nobody disputes that Japan occupies a special position in China. But we must not ignore the fact that other Powers have vast interests in China, and in safeguarding our own interests we must respect carefully those of others, and we must try first of all to move in accord with other Powers with whom we have special agreements and try to reconcile our interests with those of other nations.

As early as 1884, when France approached Japan for an understanding with a view to coerce China, Japan refused. The Minister of Foreign Affairs exclaimed, "China is to Japan as lips to teeth. Destroy the lips and the teeth are cold." In 1894 and after, Japan wanted Asia for the Asiatics, but the Europeans intruded and Japan had no course but to play balance-of-power politics according to the European rules. Had Japan been strong enough, it would have called a halt to the scramble for concessions before the malodorous bargaining got under way.

But in accordance with the exigencies of Japan's weakness, Japan had no alternative other than cooperation in international endeavors to solve the riddle of China. But Japan kept its fingers crossed pending the time when it could strike out on its own. It accepted the obligations of the Open Door and played a commendable role during the suppression of the Boxer uprising. Japanese forces constituted less than half of the Relief Expedition, Japanese soldiers were less ruthless and brutal than Europeans and Americans, and at the Peace Conference which followed, Japan supported the American demands for generous treatment to China. Japan insisted upon being included in the Four Power Consortium of 1911, and signed the Covenant of the League of Nations, with all the self-denying obligations which that entailed, in 1919. It joined the parade of signatories to the Kellogg Peace Pact and before 1931 accepted naval limitations which were extremely galling to the swaggering admirals who protested against Japanese

inferiority. Japan could present an imposing façade of co-operative acts in the interest of peace.

But beneath the surface, Japan carried on relentless campaigns for recognition of its special interests in China. In December 1905 Japan negotiated with China the Treaty of Peking which was the legal foundation for a steadily-expanding body of special rights in Manchuria. By it, China recognized the transfer to Japan of Russian interests in Manchuria which included concessions and settlements at Yingkow, Mukden and Antung, and Russian leased areas and railway rights. Japan claimed that during the negotiations leading to this treaty the Chinese promised not to build any main railway lines detrimental to Japanese interests "in the neighborhood of or parallel to" the South Manchurian railway.

These specific rights were interpreted as only part, only a beginning, of the intangible, amorphous, undefined "special rights" which were conceded to Japan in a subsequent series of bilateral agreements. In the Anglo-Japanese Alliance, as renewed in 1905, it was provided that

> if by reason of unprovoked attack or aggressive action wherever arising, on the part of any Power or Powers, either contracting party should be involved in war in defence of its territorial rights or *special interests* (in Eastern Asia or India), the other contracting party will at once come to the assistance of its ally, and will conduct the war in common, and make peace in mutual agreement with it.

According to the pact signed between France and Japan in Paris, June 10, 1907, the two nations

> having agreed to respect the independence and integrity of China as well as the principle of equal treatment in that country for the *ressortissants* of all nations, and having a special interest in having order and pacific state of things guaranteed especially in those regions of the Chinese Empire adjacent to the territories where they have the rights of sovereignty, protection or occupation

agree

to support each other for assuring the peace and security in those regions, with a view to maintaining the respective situation and the territorial rights of the two contracting powers in the continent of Asia.

When Japan and Russia decided to cooperate against the twin encroachments of Germany and the United States, each agreed to respect the special interests of the other in its own sphere and to recognize the right of each fully to take all measures to safeguard and defend those interests. On July 3, 1916, the new cronies obligated themselves as follows:

In case the territorial rights or special interests in the Far East of one of the contracting parties recognized by the other contracting party are menaced, Japan and Russia will act in concert on the measures to be taken in view of the support or cooperation necessary for the protection and defense of those rights and interests.

The United States had also put itself on record in recognition of Japan's special position. On July 29, 1905, the Katsura-Taft agreement endorsed "Japanese interest in Korea and American interest in the Philippines." On November 30, 1908, the Root-Takahira agreement cautiously defined the aim, policy and intention of the two governments to "encourage free and peaceful development of their commerce in the Pacific, to maintain the status quo and to defend the Open Door, to restrict their territorial possessions, and to exchange views if the status quo is threatened." Never a word about "special interests." But when the world war dragged in the United States, Viscount Ishii came to this country for the purpose of defining joint policies for America and Japan as common allies. On November 2, 1917, Secretary Lansing assured Viscount Ishii:

The governments of the United States and Japan recognize

that territorial propinquity creates special relations between countries, and consequently the Government of the United States recognizes that Japan has special interests in China, particularly in that part to which her possessions are contiguous.

The Japanese representative did his best to persuade the American to recognize Japan's "paramount" interests, not "special" interests; but the American Secretary of State limited the phrase deliberately. This agreement, be it noted, was signed *after* the full story of the Twenty-one Demands became public property. It was facilitated by war-psychosis, but it remained on the books until it was specifically terminated by an exchange of notes between Secretary Hughes and Ambassador Hanihara on April 14, 1923.

What the Japanese mean when they refer to "special interests" is slightly indicated by the Twenty-one Demands. The interests are elastic, and can be expanded to meet any situation at any time, but they received a tangible embodiment in the demands presented to Yuan Shih-kai in 1915. These demands covered the Japanese position in Manchuria and Inner Mongolia; they called for absorption and expansion of former German rights in Shantung; they provided for Japanese dominance in the Han-Yeh-Ping Iron Works in the Wuhan cities; they converted Fukien Province into a Japanese sphere of interest; and they anticipated a declaration of non-alienation for the entire China coast.

Most obnoxious was Group V, later changed from "demands" to "wishes" in deference to protests from the Powers. This group revealed what at that time seemed to Japan to be the most complete definition of its "special interests." It listed seven specific demands:

1. The Chinese Government shall employ Japanese as political, financial and military advisers.
2. China shall grant the right of owning land in the interior to Japanese hospitals, churches and schools.

3. China shall permit police departments in certain large Chinese cities where Japanese reside in large numbers to be jointly administered by Japanese and Chinese, or shall employ Japanese in the police force.
4. China shall buy from Japan a certain amount of munitions used by her or establish a Sino-Japanese arsenal in China.
5. Japan shall build railways from Wuchang to Nanchang.
6. China shall consult Japan before raising foreign loans for mining, railways, or harbor development in Fukien.
7. China shall permit Japan freedom of religious propagation in China.

One of the outstanding Japanese publicists referred to these demands four years later as "excessive," "arbitrary," "overbearing," "insulting," "bullying" and "deplorable." But at the same time he sought to silence foreign criticism by reciting an amusing anecdote referring to Crémieux, a very homely friend of Alexandre Dumas, who wanted to make fun of Dumas's appearance. Crémieux asked Dumas, "Was your father a mulatto?" "Yes," returned Dumas, "my father was a mulatto, my grandfather was a negro, and my great-grandfather was a monkey—my family begins where yours ends."

And in the meantime, Japan did its best to establish a doctrine of "Asia for the Asiatics" or a Japanese "Monroe Doctrine." Viscount Ishii has explained:

> In detail and in actual application, the Japanese policy opposed to the foreign *imperium in imperio* in China may be somewhat different from the operation of the Monroe Doctrine in the western hemisphere, but the basic motives have been the same.
>
> The difference in application has arisen largely because of the fact that by the time Japan felt herself influential enough to champion the territorial integrity of China, the country had already become so helpless in the face of foreign aggression that Japan, from sheer motives of self-preservation, was constrained to entrench herself in some of the regions from which she had ejected the aggressor.

A Chinese critic replied that the Monroe Doctrine idea was something which President Theodore Roosevelt suggested to Viscount Kaneko at the Portsmouth Conference. The Japan of 1905 was miles away from the Japan of 1940 and President Roosevelt might have been more circumspect had he been able to gaze into the crystal ball.

General Matsui and any number of Japanese intellectuals have endeavored to construct a philosophic basis for Pan-Asianism, and to merchandise it as a palatable doctrine to the Asiatic colonials. Japanese propagandists have swarmed over India, the Philippines and Central Asia preaching the message of anti-white imperialism. Their contacts with rebels might prove extremely embarrassing to the British Empire, or to the Soviet Union, or to France or the United States in case of world war, but so far the majority of Asiatic intelligentsia have not accepted the Japanese offer to lead them out of bondage, because they see in Japan's high-sounding phrases a beautiful camouflage for the exchange of one imperialism for another. China is not interested in Pan-Asianism or the Japanese Monroe Doctrine.

There are apparent differences between a Japanese Monroe Doctrine and the American Monroe Doctrine. The American doctrine has shifted with the necessities of American relationships with Latin-America. But its ideal is union and harmony between equals. It hopes for a minimum of interference in the domestic affairs of another state and it is not an excuse for treaty violation. It promotes the internal strength of its neighbors and does not seek to perpetuate chaos by a policy of divide and rule.

On the other hand, there are similarities between the two doctrines. Both are based on regional superiority and non-interference in extra-regional concerns. Both adopt methods of execution in accordance with immediate exigencies. Neither can claim any consistency or basic altruism. The Japanese Monroe Doctrine

like our own claim in infancy to trusteeship of the Western Hemisphere, may anticipate by several decades an era when the claim will be practically tenable.

JAPAN'S ENCROACHMENTS UPON THE INTERESTS OF THIRD POWERS: 1931–1937

Before 1931, the professions of Japan to the observance of the Open Door and its implied recognition of the rights and interests of foreign Powers outweighed cautious Japanese assertions of its claims to a "special position." The inauguration of Manchoukuo ushered in a new phase of Japanese policy, when Japan patently and defiantly shunted aside its pretenses to equality of commercial opportunity and endeavored to erect an economic structure where the interests of Japan would have privileged priority or an outright monopolistic status. Gradually, slowly, Japanese attack on foreign interests began; then it gathered momentum with the alternating irascibility and exultation of the military in China; and it gained the speed of a toboggan when the Western Powers immobilized with suicidal cross purposes in Europe.

On March 14, 1932, the Government of Manchoukuo sent a circular note to seventeen foreign states having interests in Manchoukuo, and declared to them all that in future its policy would be to protect foreigners, to invite increased foreign participation in the development of new country, to treat all foreigners on a basis of equality, and to continue recognition of the Open Door. Because of the army's control, these declarations were cast aside and numerous trade discriminations arose. Foreign firms were notified that railway cars were not available, or that goods were improperly packed, or that through an oversight cargoes were delayed in the customhouse. Long established Manchurian agencies decided to discontinue handling foreigners' goods and to curtail sales of foreign goods to well established retail markets. Tariff discriminations destroyed free competition and the only for-

eign goods which could come into Manchoukuo were those demanded by the Government or its spending agencies. The Americans, the British and the Germans sent economic missions to study future commercial opportunities in that area, and they all admitted that the future rested in Japanese hands. Foreigners might sell capital goods, or building materials which the Japanese could not supply, but they would have to effect their sales through Japanese commission men.

On April 10, 1935, the Manchoukuo Petroleum Company was given a monopoly on the importation and refining of crude oil. The Socony Vacuum Company, the Asiatic Petroleum Company, and Texaco were forced to dissolve their retailing organizations and to limit their activities and their profits to deals with the buying monopoly. Protests to Tokyo were ignored on the ground that protests should be sent to Nanking or directly to Hsinking. Japanese apologists explained that a buying monopoly for petroleum had nothing to do with the Open Door, since equality of opportunity referred only to commerce and trade in ordinary products, and not to industrial monopolies which were vital to the security of the State. Japan also explained that "no discrimination" or "equality of treatment" referred only to foreigners other than Japanese. Japan after all did have a special position with regard to Manchoukuo.

The retailing of railway supplies, cigarettes and tobacco became state monopolies. Foreign firms simply folded up or moved to Mukden or Dairen where they served the pleasure of the Japanese buying monopoly. The Open Door was closed, except for the possible use of any non-Japanese competitor who wanted to pass through on the way out.

Japan's offensive against the interests of the Powers in China proper began with the setting up of the East Hopei Autonomous regime and the smuggling which it encouraged. Chinese tariff revisions upwards since 1928 had fallen heaviest

upon the Japanese, whose prosperity in the China market depended on low prices, small profits and huge turnovers. Tariff increases destroyed these profits, and worked for the Americans, the Germans, and the British whose comparative advantage lay with the sales of higher-priced goods. At first the Japanese smuggled trial orders of sugar and cotton goods through Tangku into Tientsin. Without the payment of any tariff these goods found a ready market. This procedure seemed too bold-faced, so the Japanese puppet in Tungchow opened a special customhouse in Tangku, appointed a customs staff quite independent of the Chinese Maritime Customs, and entered Japanese goods in this "special trade." The tariffs at Tangku were lower than those at Tientsin, so soon the harbor became crowded with junks and Japanese craft, dumping cargoes of cigarettes, matches, beer, flour, sugar, toys, flashlights, cotton goods, and every conceivable Japanese novelty. The small revenue collected per item went to Yin Ju-keng and his cohorts, kept that outfit swimming in luxury, and deprived the Chinese Maritime Customs of an estimated $50,000,000 in legitimate income.

This smuggling or protected special trade hit the foreign interests in at least two ways. In the first place, British cotton goods entering Shanghai and paying a legitimate duty of, say, two cents per yard, could not hope to reach a Chinese consumer at a price competitive to Japanese cotton goods which had entered Tangku on payment of one half cent per yard. And the smuggled goods were distributed all over China. The Japanese hired Koreans and roughnecks to escort car loads of their smuggled goods beyond the limits of the East Hopei Autonomous area and into China proper. Often the first-class passenger train from Tientsin south to Tsinan would find the paying passengers unceremoniously ousted, and the coaches of the Blue Express piled high with bolts of cloth and bags of sugar. Protests were to no avail. The Jap-

anese would not permit the Customs anti-smuggling patrols to interfere in the protected trade, and for three years the Japanese demoralized their commercial competitors.

In the second place, the Japanese impaired the credit structure of the Maritime Customs, upon which the foreign loans to China were secured. Increases in customs revenues had provided more than sufficient funds to meet the obligations of foreign loans, but one never knew when the market would slump and the customs collections would become inadequate. In that case the foreign bonds would decline in value. Furthermore, the surpluses in customs receipts were mighty useful for China's reconstruction program, which was seriously impeded by Japan's chiselling away of the valuable surplus.

Japan became increasingly suspicious and bitter at the Powers for the aid which they were extending to China in its process of reconstruction. The crisis-psychology in Japan magnified any positive help to China into a direct menace to Japan's security. When the technical experts of the League guided the Chinese Government over the shortcuts to economic solidarity, Japan became genuinely alarmed. Japan had further cause for alarm. There was undeniable political significance to the German military mission which was graduating one thousand officers per year into the National Army, and which was procuring for China, on credit, the most modern military supplies and equipment which Europe had to offer. A German airplane service linked Berlin and Peking by way of Moscow, and rivalled the United States in extending liberal terms to China for the development of its internal airways. An American factory for the construction of military planes came into being at Hangchow, and a corps of American instructors, graduates of the best military training schools in the country, were hired to train the Chinese in aerial combat. Italy sent another aviation mission and returned its share of the Boxer indemnity in the shape of bombers and pursuit ships. Great Britain specialized in economic

help and provided funds for railways. It supposedly broached the Powers on the question of a huge loan for China, for industrial purposes, of course. But industries, and especially communications, are just as vital in war as in peace, so Japan became genuinely indignant because of these hostile overtures. Moreover, Russia lurked in the menacing background, retaliatory measures began to cut into Japanese export trade, world opinion seemed solidly against Japan, so Japan struck out on an uncharted and extremely daring course.

On April 17, 1934, Mr. Eiji Amau summoned the newspapermen in Tokyo into his office in the Intelligence Department of the Ministry of Foreign Affairs and handed them the following document:

To keep peace and order in East Asia, Japan must ever act alone and on its own responsibility. There is no country but China which is in position to share with Japan the responsibility for maintenance of peace in East Asia.

We oppose therefore any attempt on the part of China to avail herself of the influence of any other country in order to resist Japan; we also oppose any action taken by China calculated to play one Power against another. Any joint operations undertaken by foreign powers even in the name of technical or financial assistance at this particular moment after the Manchurian and Shanghai incidents are bound to acquire political significance. Undertakings of such nature, if carried through to the end, must give rise to complications that might eventually necessitate discussions of problems like division of China, which would be the greatest possible misfortune for China and at the same time would have serious repercussions upon Japan and East Asia.

Japan must therefore object to such undertakings as a matter of principle, although it will not find it necessary to interfere with any foreign country negotiating individually with China on questions of finance or trade as long as such negotiations benefit China and are not detrimental to peace in East Asia.

Nevertheless, supplying China with war aeroplanes, building aerodromes in China, and detailing military instructors or military advisers to China, or contracting a loan to provide funds for

political uses, would obviously tend to make friendly relations difficult between Japan, China and other countries, and to disturb peace in East Asia.

The future attitude of Japan should be clear from policies she has pursued in the past but, as it is reported that concrete manoeuvres of foreign Powers with a view to common action in China are under way, it has not seemed inopportune to reiterate its political views at this time.

Here was "special position" with a vengeance. Japan must act alone on its own responsibility, if need be, to preserve peace in Eastern Asia. It would assume a guardianship over any proposed loans, or advisers which the Powers might see fit to send to China. Within a week Great Britain registered its protest, the Americans followed within another week, and France joined with the leaders during the first week in May. Japan replied to these protests with the observation that Mr. Amau's statement was a mere declaration of policy, delivered to news correspondents, and was therefore beneath the notice of international diplomatic correspondence. Nevertheless, Japan did not deny the validity of the principles, nor did it signify any intention to follow other procedures than those which Mr. Amau suggested.

Japan's differences with the Powers went from bad to worse. Japan's withdrawal from the League of Nations chagrined the Powers. The spurt in Japanese trade during 1934 and 1935 aroused them to a healthy respect for Japanese commercial potentialities in outside markets. The rebuilding of the Japanese merchant marine exploded bomb-shells in shipping circles. The denunciation of the Naval pacts threw down all barriers to an unrestricted competitive building program. The conclusion of the anti-Comintern pact broke the solid wall of public opinion against Japan and gave Japan at least two friends in its program to wrest prestige and profit from the satiated Powers in Eastern Asia.

Mr. Hirota's first principle of China policy became, "China

shall abandon the policy of pitting one barbarian against another and shall not again utilize the influence of Europe and America to embarrass Japan." This warning was intended for European and American ears as clearly as for the ears of China. It was the statement of a responsible official and was therefore milder and more restrained than the outbursts of jingoists like Major General Tada who wrote at this juncture:

> The two great missions from heaven which are the natural obligations which our empire must bear are 1) to head a movement against the tyranny and high-handedness of the white people and a racial war for emancipating the colored people from the enslaving oppression of the whites and 2) to rectify the material civilization of the west by the moral civilization of the east. Japan has already taken the initial step by assisting the new state of Manchoukuo, withdrawing from the League, and abrogating the Washington Naval Treaties.

Major General Tada elsewhere suggested that even these missions were secondary to the fundamental principle of Japanese foreign policy which must be national expansion. Japan has a "special position" in China and must not tolerate any obstruction to its achievement regardless of the nationality of those who produce it. "Europe and the United States must not treat with China except through Japan." He conceded that Japan respects the territorial sovereignty and treaty rights of China, but then he naively declared that Japan must go ahead and violate them.

> This divine mission of Japan puts her above treaty breaking because what would be wrong in the rest of the world is right in Japan. For Japan, any means justifies the end.

Such outspoken declarations as these served no good purpose. They increased suspicion and apprehension, they constituted "an unnecessary exhibition of overwrought national-

ism" and did not enhance or modify in the slightest Japan's special position in China.

JAPANESE STATEMENTS OF POLICY AFTER 1937

The spirit of latent opposition to the interests of the Western Powers in China permeated Japan from the very beginning of the China venture. At the outset, prudence dictated caution. Japan appreciated that the Powers would be unwilling to watch their vested interests disappear into the maw of Japanese monopoly. Upon sufficient provocation the Powers had demonstrated a grudging willingness to surrender privileges in China to original Chinese owners, but they would be quite unprepared to give way to a menacing Japan, or even to a local Chinese government which was in reality nothing more than a Japanese puppet. Therefore Japanese officials spoke softly in defining their attitude towards Western rights and interests.

On January 22, 1938, the Minister of Foreign Affairs in his annual review of foreign relations informed the Diet that he wished to

> state explicitly that not only will Japan respect to the fullest extent the rights and interests of the Powers in the occupied areas but she is prepared for the purpose of promoting the welfare of the Chinese people to leave the door wide open to all Powers and to welcome their cultural and economic cooperation there.

Three months later at Shanghai, Japan's Minister at Large declared that the third Powers need not fear discrimination, because there would be too much need of foreign capital in reconstruction. "Japan wants no territory and will not close the Open Door."

But with the unexpected ineffectiveness of midsummer fighting in mid-China and with the delayed capitulation of the Wuhan cities, Japan became more bellicose towards the Powers. Japan had been taking it easy in its pronouncements

because of the fear of Russia, the unbelievable display of China's strength, and its "almost painfully embarrassing desire to respect our pledges regarding the security of the rights, privileges and lives of the nationals of third Powers." But as a preview of Munich, public opinion in Japan during August and September 1938 began to emphasize that the Western Powers have no business in China, and in deference to China's sovereignty should gracefully withdraw. One Japanese editorial insisted:

> Their own abundant troubles nearer home will teach the meddlesome folks of Europe to leave Asia to the Asiatics. . . . Intercontinental butting in complicates entangled world-affairs still further.
>
> But rabid people, led astray by emotion or rainbow theories, can be checked only by hard, inexorable realities. Only when their own houses are menaced by flames, when their own means of living at home are in danger of being lost, such folks will cease to intrude into the concerns of people far away.
>
> The fast gathering war clouds in Central Europe will materially speed up the collapse of the Kuomintang clique, for the European countries most directly responsible for prolonging the China conflict will be looking wholly after their own safety hereafter. They will have no more funds, aeroplanes, munitions to spare for Chiang K'ai-shek and his gang.

The influential newspaper *Miyako* made a rather ingenious explanation of Japan's position:

> The difference between Japan and the European powers in their ideas regarding China is this: Japan wants China to become really independent and come up to the level of world nations while Britain, France, etc. want to consider China as their virtual colony, to bind her under unequal treaties, and exploit her and bleed her white. Japan has resorted to arms under compelling necessity but the ultimate object is to bring lasting peace and happiness to the Chinese masses. The European Powers are invading China without using force. In other words, Japan is a protector of China while Britain, France and the others are the

invaders of China. It sounds amusing to hear the real invaders of China calling the protector of China an invader.

The small but potent political party, Tohokai, in October 1938 adopted a resolution which put on paper the sentiments of many Japanese political leaders regarding the foreign treaty rights in China. This resolution contained the following clauses:

1. Japan should consolidate its military achievements without paying any attention to the wishes of Britain, France and the Soviet Union.
2. Japan should proclaim the birth of a New China and ask recognition from the Rome-Berlin axis.
3. Japan should cooperate fully with the New China and "make New China demand that foreign Powers return rights and interests ceded by Old China."
4. Japan should make the "New China recover foreign concessions and settlements which disgraced China since the Opium War in order to eradicate these hot-beds of anti-Japanism."
5. Japan should administer Chinese customs and control the salt and other taxes pending the complete establishment of the new regime.
6. Japan should "exercise the military and police right to suppress anti-Japanese operations and assistance to Chiang which are being done within the foreign concessions and settlements."

The Japanese put similar words into the mouths of their puppet leaders in China. Forced mass meetings at Peking, Tientsin, Kaifeng, Nanking, Soochow and a dozen other cities under the Japanese control passed resolutions which identified the arch-enemy Chiang Kai-shek with Great Britain, France, Russia and "the others." It is interesting to note the use of the phrase "the others," because in this way Japan included the United States without calling specific names. The Japanese-sponsored Chinese always branded Europeans as "public enemies" and "urged" the Japanese to discriminate

against Great Britain and France in favor of Germany and Italy, when, for example, the Yangtze should be reopened to foreign commerce.

On one occasion the spokesman for the Nanking regime charged that Great Britain, France and Russia were guilty of prolonging hostilities and thereby subjecting millions of Chinese to "hellish agonies which are growing more acute." His statement concluded with these observations:

> The first step towards the realization of peace for the salvation of the Chinese nation is to expel Britain, France and Russia from China promptly as well as to crush the Chungking Government. We wish to repeat this statement so as to awaken the Chinese masses to appeal to the Government and the people of Japan.

In exhausting every means to arouse the masses of China against foreign nations, Japan has made it quite clear that it intends to destroy every foreign right and interest which runs counter to monopoly by Japan. Japan can not destroy these interests as if they were so much glass, because Japan needs good will to continue its raw materials and lucrative markets. If Japan were to take over the British factories without so much as a "Thank you, please," the British might clamp down on sales of petroleum or cotton, shut off the rich Empire markets to the salesmen of Nippon, repudiate its most-favored-nation tariff treaty with Japan, or even concentrate its fleet at Singapore. If the United States were to cooperate in punitive measures, the Western Powers could destroy the commerce of Japan, shake the Japanese economic structure to its very foundations. The Japanese are aware of these retaliatory possibilities and they go just as far as they think British embarrassments in other parts of the world, plus American isolationism, dictate inactivity.

On December 19, 1938, Mr. Arita, Minister of Foreign Affairs, published a statement which took official cognizance of Japan's new positivism:

It is far from Japan's thought to aim at excluding European and American economic activities from East Asia. However, it is most natural and proper that two neighbor nations closely bound together by ties of race and culture . . . should work together in order to insure their independence as regards vital supplies as well as markets. . . .

It is imperative that the economic activities of other Powers should be subject to certain restrictions dictated by the requirements of national defense and economic security of countries grouped under the new order and that no political privileges should be attached to those activities.

But even if these restrictions are put in force, there will remain vast fields of commercial and economic activity open to people of other Powers. The formation and existence of an economic copartnership of nations . . . would by no means entail any diminution of trade between that group and other countries.

Shades of Mr. Amau—here is an old familiar doll in a brand new dress. Foreigners in China can participate only in enterprises not connected with the military or economic security of the East Asia bloc. Japan seemed to ignore the hollow value of the anti-Comintern pact, to shut its eyes to its dependence upon British and American markets, and to serve notice that it could exist in comfort and prosperity in isolation from the West.

Continuing in a further vein of defiance, Premier Konoye declared three days later:

Japan is prepared to give positive consideration to the questions of the abolition of extraterritoriality and the rendition of foreign concessions and settlements, matters which are necessary for the full independence of China.

Foreign Minister Arita repeated these sentiments in his speech to the Diet in January 1939, and explained that the New Order demanded that Japan assume these responsibilities. All camouflage was cast aside. Japan launched formally a declaration of war against the last vestiges of the nineteenth century commercial system which remained in China.

Japan gave no intimation about its intended procedure or its plan to overcome the opposition of the Powers. It only said that it would give positive consideration to the questions of the abolition of extraterritoriality and the rendition of the settlements and concessions in China. And Japan achieved a measure of success, because Mr. Churchill agreed in August 1940 that Great Britain would be willing to acquiesce in the Japanese program.

This was the opening blast against the extraterritorial privileges of the foreigners. Foreign consular courts provide a legal bulwark for the enforcement of personal rights and contractual obligations. The Japanese would like to destroy the whole system. In Manchoukuo, they have already abolished extraterritoriality. Manchoukuo advertises that abolition means dignity and respect for the courts of the new country, and that it means a self-sacrificing loss of power on the part of their own consular authorities. They do not mention that the loss of the Japanese consul is the gain of the Japanese army. Before extraterritoriality was abolished, the defendant was brought to trial before a representative of the Tokyo Foreign Office. Since extraterritoriality has been abolished, he is brought to trial before a magistrate who is the direct appointee of the Japanese military authorities on the spot. And so it would be in China proper. If extraterritoriality were abolished during the course of hostilities, the judicial power would revert from the consuls and the foreign courts to Chinese of the "New Order," who would be stooges of the invading army.

There were sober elements in Japan who deprecated the extreme pretensions of the Japanese officials. These elements did not like the idea of antagonizing powerful competitors, particularly when they recognized the importance of their co-operation in the rehabilitation of the China market. In the midst of the blockade that was made on the concessions at Tientsin, the *Oriental Economist* dared to state editorially:

Japan sincerely desires that all foreigners in China shall be allowed to carry on business with a perfect sense of security. Both her attitude and her intention are far removed from wanting to see the foreigners there molested and their residence made impossible. European interests are so vast and so important that Japan could not hope to uproot them at short notice. Far from seeking to eradicate their interests, Japan openly admits the necessity of third nations' cooperation in healing China's war scars.

But that was the sotto voce of economic Japan whispering. It was scarcely audible amid the bleating of the foreign office and the rasping shouts of the military in China.

Still the responsible officials were obliged to tone down their pronouncements as the military campaign in China struck insurmountable obstacles, as economic resources frittered away, and as Japanese diplomats sought new international stability after the Hitler-Stalin deal. American opposition to China policy as exemplified by Ambassador Grew's outspoken criticisms and the cancellation of the trade treaty contributed to a more conciliatory attitude on the part of the Abe and Yonai cabinets. On February 1, 1940, Foreign Minister Arita told the Diet:

In connection with the new order in East Asia I should like to add that although there are some who suspect Japan of the intention to eliminate the rights and interests of third powers in China, the Japanese Government, as has been repeatedly enunciated, have absolutely no desire to do away with the rights and interests of third powers in China. We are, in fact, anxious to see the development of China's trade with other powers and welcome foreign investments in China as long as they are of a purely economic character. And that, I am confident, is also the wish of the new Central Government of China that is about to be established.

There will at first, owing to the fact that military operations are still being carried out, be restrictions of one kind or another, but these restrictions will be modified or removed as soon as local conditions are restored to normal.

And at the inauguration of the Wang government in Nan-

king on March 30, 1940, Japan announced through its puppets that the new program for China would include respect for the legitimate rights and interests of friendly Powers; an invitation to friendly Powers for capital advances and technical cooperation and the general promotion of foreign trade. With the outbreak of the European war, Japan chose to keep all its international relations in a discreet status quo, until it could determine in which direction safely to leap. With apparent stalemate in Europe, the Abe Ministry took no positive action at all. But with the German success in the blitzkrieg, the new Konoye government turned a friendly face towards the Germans, and concentrated on its possible displacement of the British from Hongkong and Shanghai, of the French from Indo-China, and of the Dutch from the Netherlands East Indies. He spoke of the Japanese resolve to

> surmount all obstacles, both material and spiritual, which lie in our path, and in concert with those friendly Powers ready to cooperate with us, strive for the fulfillment of the ideal and Heaven-ordained mission of our country.

In 1941, Prince Konoye spared no words concerning the United States, declaring that "if the United States fails to understand Japan's true constructive attitude, there is no alternative to war." His foreign minister seemed less bellicose when he said that he shuddered to think of a war between the United States and Japan. "That would mean Armageddon and the destruction of civilization. I hope that God and all God-fearing people everywhere will cooperate with me in saving 1941 from being the Year 1 in the decline of civilization."

JAPANESE ATTACKS UPON THE INTERESTS OF THIRD POWERS AFTER 1937

Some Japanese activities brought death to foreign persons and destruction to foreign property, but nevertheless they

were in conjunction with the conduct of war. Other activities had all the ear marks of being deliberate, and intentionally designed to antagonize the Powers or to weaken their position as compared with that of Japan. Militarists in China seemed to be blindly chauvinistic and accounted for most of the excesses which have been perpetrated. But while persisting in their follies, they risked bringing fatal retaliatory measures down upon the head of the whole nation. They might gloat temporarily over incidents which they seemed able to get away with, but they inflamed public opinion against themselves so intensely that people abroad flirted with the idea of economic reprisals rather than endure further humiliating insults.

Great Britain was forced to bear the brunt of the Japanese attack, just as it had to take the rap for the Western world in establishing privileges in China. The British economic stakes were so preponderant that, if Japan could have absorbed them into its ambitious schemes, the rest of the treaty structure in China would have toppled of its own accord. France came in for its share of attention, for failing to understand Japanese purposes, but the United States was understandably immune. Japan could not afford a quarrel with the United States and therefore treated American interests with kid gloves. Nevertheless, Mr. Hull let it be known that any general attack on foreign interests, even in the guise of a limited altercation with the British, would be a matter for American concern.

During the first few months of the war Japan was extremely accurate in its marksmanship at British targets. His Majesty's Ambassador to China was shot under circumstances which would hardly be described as accidental; two of his river boats were subjected to aerial attack, and one of the finest boats in Yangtze service was sent to the bottom. The American gunboat *Panay* disappeared into the yellow mud at the bottom of the Yangtze after she was hit by Japanese

bombs, and three Socony Vacuum Company tugs were beached by an attack from Japanese planes. The Japanese apologized for these incidents, paid compensations, and promised to prevent recurrence of similar happenings. The military officials subsequently promised full consideration for the lives and property of "friendly Powers" and the Foreign Office specifically ordered future safeguarding of foreign interests.

With the indiscriminate bombing campaign which was directed at cutting off Chiang Kai-shek's sources of supply, several foreign missionaries lost their lives and many societies lost their property. Again the army officers were apologetic at first, but they later took the position that they could assume no responsibility for damage done to buildings located in the neighborhood of military objectives. Mission compounds were always marked with conspicuous flags of their respective nationalities, but in many instances it may be wondered if these markings did not serve as targets instead of warnings. An American child lost her life during one raid, two Canadians during another, and several missionaries suffered wounds from flying pieces of steel. For losses of property during air raids, the American government alone presented seven protests during May 1939, nine in March and four in April.

An American observer on the spot charged the Japanese with deliberate destruction of a mission hospital in Kweiyang in the fall of 1940. The Russian and the American embassy at Chungking suffered direct hits from Japanese bombs in the early autumn raids of the same year. The Japanese occupied evacuated mission schools and often systematically stripped them of valuable contents. They despoiled the properties of the China Inland Mission during the campaign in Shansi and they took over most of the Protestant institutions in the Yangtze Valley before the war was six months old. They would often set an arbitrary price on a school or a hospital and exert every pressure to get the owners to sell. At one

time they attempted to buy a British plant valued at $400,000, in Tatung, Northern Shansi, for the ridiculous figure of $70,000.

The Japanese deny any deliberate attempt to crush the mission movement in China, but missionaries are frankly worried about the future of their work if Japan should remake China to its own order. Missionaries fear for the annihilation of the tolerance which has characterized Chinese treatment of their churches, schools and hospitals. They think that Japan will extend her regulatory activities from Korea and Japan into China, and quickly at that. Authorities in Japan seem to be exercising a closer supervision over Christian missionaries in Japan. Here is a list of questions which the Government recently circularized to the Christian churches in Japan:

Who is the God of Christianity?
What is your opinion of the myriads of gods in Japan?
What is the difference between the Emperor of Japan and your God?
What is the relation between the Bible and the Imperial Edicts?
What is the difference between a foreign ruler and your God?
What is the difference between Imperial Commands and the Commands of Christ?
What is your opinion of ancestor worship and shrine worship?
What is your opinion of the ancestors of the Emperor?
What is the ultimate goal of your religion?
What is your idea of religious freedom?
Why do you regard worship at Buddhist temples and Shinto shrines as superstitious?
What is the difference between Christian spirit and the Spirit of Japan?

It is superfluous to point out that to give honest answers to these questions would invite opposition, closure of effort, and possible expulsion. Furthermore, missionaries in China have been looked upon by the Japanese as dangerous apostles

of the heresy of individual rights, as supporters of the Chiang Kai-shek regime, and as stalwarts in the movement for social welfare. Chiang has been baptized into the Methodist Church and many of his close advisers have been chosen from the ranks of humble mission workers.

But during the war other foreign individuals besides missionaries suffered at the hands of the Japanese. Some suffered mere humiliations, some were physically beaten, some were detained, and some were killed. In every case, the Japanese argued that military necessity nullified the ordinary guarantees which extraterritoriality held out for foreigners in China.

By far the most telling blows were delivered by Japan against the commercial interests of the Powers. Foreign business continues in China only if the foreign firms play ball with the Japanese authorities. Property rights in railways have been ignored as the Japanese have bombed communication arteries in their efforts to keep munitions away from Hankow and Chungking. In August 1937, Japan blockaded the China coast against Chinese vessels. Chinese vessels hastily acquired dubious foreign ownership and new decorations of foreign flags. Japan insisted upon the right of visit and search to establish bona fide foreign registry, and molested foreign shipping along the coast at will. It even stopped some of the larger passenger liners in an officious effort to determine what part of the cargo consisted of contraband materials. It closed the Pearl River to foreign shipping, and did not permit a resumption of any Hongkong-Canton British service until June 1939. Japan closed the Yangtze to the Jardine, Matheson boats, and to the Butterfield and Swire river steamers which were always pulling in and out of any Yangtze port. The dilapidated tubs of the old China Merchants Steam Navigation Company disappeared and only Japanese river boats continued the trade between Shanghai and Hankow.

Japan interfered seriously with the work of the Whangpoo Conservancy Board. It forced suspension of dredging this

little stream which leads from the mouth of the Yangtze to the Shanghai waterfront. Foreign dockowners in Shanghai faced the gloomy prospect of seeing their investments deprived of the last remnants of value. Nine miles of fertile land, bordering on the Whangpoo, separate metropolitan Shanghai and the deep channels of the mouth of the Yangtze. It was apparently the Japanese intention to let silt accumulate in the Whangpoo, thus effectively isolating present-day Shanghai from the ocean. Then the Japanese could occupy the intervening nine miles and construct new wharf and go-down facilities and let the busy docks at Yangtzepoo rot into disuse and dilapidation.

Japan aimed some damaging blows at the integrity of the Maritime Customs, much to the consternation of the British. A Japanese-British scheme which would have guaranteed at least a partial return on the investments of British bondholders was shelved because of the objections of China. After May 1, 1938, the customs tariff was revised several times in favor of Japan, and customs collections were deposited in the Yokohama Specie Bank. The outdoor staffs of customs offices were enlarged to include more Japanese, and the indoor staffs were obliged to acquiesce in the appointment of Japanese superintendents. The five bar flag of the "New Order" flew over customhouses, and China was left without funds to meet its foreign and domestic obligations. Naturally, the Japanese Government on various pretexts refused to let the Yokohama Specie Bank turn over any of its funds to the Chungking Government and it is mystifying how the old Chinese-appointed staff was able to exercise any authority at all. After January 1939, the Chinese Government made no advances in customs, and after March none on Reorganization Loans secured on the Salt Gabelle.

Japanese monopolies put industrial competitors completely out of the running. In some areas, military decrees forbade foreign business while the Special Service section of the Jap-

anese army flooded the region with commercial commodities, falsely branded as military supplies. The railways were operated by Japanese crews, the public utilities were under Japanese engineers, and even the small factories passed into Japanese control. The Nitto Flour Company took over mills along the Ping-Han Railway, Mitsubishi bought Socony-Vacuum's selling rights in Shantung, the Hwachang Iron Mining Co. obtained a monopoly on mines in Anhwei and Kiangsu, and the Central China Sericulture Company drove its former Shanghai competitors to the rocks. Chinese rugs were once commonplace in American stores, but the Chinese rugs of the future are likely to be made from Mongolian wool clipped by the Japanese and in factories owned and operated by the same.

The Japanese used the currency war as a weapon against foreigners and as an instrumentality for crippling China. An expanded yen bloc would constitute a formidable rival for the Hongkong and Shanghai Banking Company, and would divert much financial profit into Japanese hands. The Federal Reserve Bank in North China was given two new brothers in the Japanese-sponsored note-issuing Central China Reserve and Hwa-Hsing Banks in Nanking and Shanghai. The new banks were announced primarily for commercial purposes, but also for the secondary purpose of issuing notes which would be interchangeable with Chiang's legal tender. The Hwa-Hsing notes were not linked to the yen immediately, in order to alleviate the blow when it should fall upon the masses. But when Chiang's money should disappear, after the British stabilization funds should have been exhausted, then the Hwa-Hsing notes would form the basis for a new currency in Central China.

The Japanese rode rough shod over foreign rights and interests in the treaty ports. They blockaded the ports at Swatow, Foochow and Wenchow and cut off ingress and egress for foreign vessels. They ignored the protests of the

Powers and assumed belligerent rights of blockade, even though no formal war existed. They took over the harbor works at Canton, and began work on the construction of port facilities at Whampoa which would cripple the commercial utility of Hongkong as a shipping center for South China.

But the most deliberate Japanese attacks against foreign interests centered about the foreign settlements and concessions. The Japanese always considered that the settlements constituted tactical disadvantages, in that they could not be used freely for troop movements. In 1932, at Shanghai, the Japanese manoeuvred the Municipal Council into declaring a state of emergency. This doomed to stillbirth any attempt to neutralize the International Settlement and gave the Japanese army a technical excuse to dispatch its forces at will, on the ground that they were moving to or from their own particular defense sector. The Japanese then anchored their flagship, the *Idzuma* (a disreputable old relic of the Russo-Japanese War), right alongside the Bund, or waterfront, of the International Settlement. The ship could fire at the Chinese as it pleased, but the Chinese could not return the fire for fear of missing the ship and hitting the Cathay Hotel.

In October 1938, the Japanese took over the policing of the former concession areas in Hankow. They replaced the naval police which the British and the Americans had landed to preserve order after the Chinese retreat. The consular authorities of the two countries were furious because the transfers were authorized without their consent. Thus the Japanese received a vantage point in Hankow from which it would be difficult, if not impossible, to dislodge them. The French refused to permit Japanese soldiers right of entry into their territory and the Japanese in retaliation held over their heads the constant threat of a food blockade.

In May 1939, the Japanese landed their sailors at the International Settlement at Kulangsu, on the pretext that it was vital to local peace and order. The Powers, including the

United States, immediately put ashore an insignificantly small force of marines as a gesture of opposition. The Japanese consul-general in the meantime presented the Settlement authorities with a series of demands for increased Japanese participation in the Settlement administration and for the extension of the right of the franchise to citizens of Formosa. The foreigners promised to control anti-Japanese agitation and to cooperate with Japanese officials in maintaining law and order. Thereupon the Japanese withdrew. The withdrawal might have been a gesture of good-will, a backdown in the face of armed opposition, or just the shrinking away from a conflict which might have involved the United States. The Japanese did not withdraw their demands, they kept them on the books for future reference when it would be deemed safer and more expedient to exert pressure to enforce compliance. At any rate, Kulangsu was of minor importance and served primarily as a testing ground for more positive action in Tientsin and Shanghai.

In Tientsin, the Japanese used the murder of an employee in their customhouse as an excuse for blockading the French and British concessions. The Japanese ordered their own citizens out and then clamped an embargo on food supplies intended for foreign consumption. British naval vessels brought in enough food to provide for the immediate needs of the local population, but they could not supply the ice, the milk, and the perishable vegetables which were essential, particularly for small children in those sweltering days of North China's great heat. The Japanese strung a wire barricade around the concessions and charged it with electricity. They shot on sight any Chinese who tried to run the blockade and they subjected British subjects on their way in or out of the Settlement to intolerable insults. Then the local Japanese authorities tried to scare the Chinese employees into deserting their foreign employers and into organizing "All North China Patriotic Societies." Little children, with Jap-

anese military escorts, distributed anti-British handbills which urged the Chinese, particularly the Tientsin police,

to refuse to continue to be the tools of foolhardy and obstinate foreigners. . . . It is well known to you that you are still in a sweet dream and have assisted evil rulers in the oppression of the people.

These rulers are protecting Communists and disturbing elements by making a city of Terrorists from Tientsin. Thus you are partly responsible and may suffer the death penalty for obstructing the New Order of peace in East Asia.

The inspired Voice of the People then prompted the Japanese military authorities to demand:

1. The surrender of four terrorists allegedly responsible for murder.
2. The appointment of Japanese gendarmes to cooperate with local police in the suppression of anti-Japanism.
3. The nomination of Japanese advisers to assist the Tientsin Municipal Council.
4. The supervision of local Chinese banks in the Settlement (so that the Chinese Government's local deposits of $50,000,000 could not slip away from British fingers.)

The Japanese even suggested that the Peking Provisional Regime should take over the concessions in Tientsin, and that the British should stop all opposition to Japan's currency projects in North China. The British indicated their willingness to negotiate concerning the rendition of the four terrorists, but they were not willing to discuss with military officers on the spot, and without the cooperation of the French and the Americans, any fundamental adjustments in their attitude towards Chiang Kai-shek. The echoes of this clash reverberated through the House of Commons, through the corridors of the State Department and through dreary anterooms of the *Chambre des Députés*. It was hard to impress upon unbelieving foreign minds the stark reality of daring Japanese assaults upon the concessions.

When the Hai River overflowed its banks, it put a temporary end to the dispute between Japan and England over Tientsin. Flood waters wrecked the barricades and forced the Japanese guards to scurry to save their own lives. Then the German desertion of Japan in concluding the German-Russian pact left Japan on a diplomatic limb throughout the do-nothing winter of 1939–1940. But then, with the coming of spring and the orientation of Japan towards the Russian-Axis Powers in Europe, Japan again twisted the screws against the British in Tientsin. The British surrendered, withdrew their garrisons of Seaforth Highlanders and East Surreys from Peking and Tientsin and gave in on practically every point which Japan demanded. The British agreed to call off the currency war, to surrender the silver to the Japanese authorities, to permit Japanese gendarmes in the British concession, and for good measure, to close temporarily the Burma road to traffic in munitions, gasoline, trucks and railway materials.

Shanghai presented the most serious problem and the greatest opportunity for out-and-out hostilities between Japan and the Western Powers. Shanghai consists of four distinct administrative areas: Greater Shanghai, the Extra-Settlement Roads, the French Concession, and the International Settlement.

Greater Shanghai includes the Chinese municipalities which form the environs of the central business district. These municipalities are organized under a single mayor who is directly responsible to the Japanese military authorities. The puppet Government administers these suburbs as the theoretical successor to the previous administration of Chiang Kai-shek. It pays absolutely no attention to the wishes of the foreign Powers. Its strength lies in the fact that geographically its territory effectively surrounds the lands contained in the International Settlement and the French Concession.

The Extra-Settlement Roads area includes those outlying districts where foreign business men just naturally built their

homes without benefit of treaty understandings. As homes increased in numbers, roads connecting them seemed to be the inevitable concomitants. Foreigners installed and paid for street lighting systems, schools, hospitals, and golf courses, and were in the process of legalizing their investments when the war caught them short. The Japanese took over the rights of the Chinese and proceeded to assume the rights of sovereignty in the attractive, and strategically important, Extra-Settlement Roads area.

The French Concession, an effective portion of the heart of Shanghai, used to be relied upon as the core of resistance against Japan. But with the collapse of France in Europe, the French were obliged to accede to Japanese demands covering the Concession in Shanghai. The French evacuated their troops from the Siccawei sector and permitted the Japanese gendarmes to take over. They gave up control of the courts and the Chinese banks, and raised no objections to the Japanese measures to stamp out terrorism and anti-Japanese propaganda. The French have agreed to the free circulation of Japanese currency in the Concession and have admitted Japanese objections to the validity of the 1900 and 1914 extensions of land. If these objections are sustained, Japan will succeed to an actual portion of territory which has heretofore been included in the domain of France.

The International Settlement is the precise locale of the most serious clashes between Japan and the Western Powers. The Consular Body is the highest administrative authority, but its power is exercised by the Shanghai Municipal Council, hereafter referred to as the S.M.C. The fourteen members of the S.M.C.—five British, five Chinese, two Americans and two Japanese—are elected by voters who pay a given amount of taxes. Police duties are discharged by detachments of troops of foreign Powers, including Japan, by Chinese police in the employ of the Settlement authorities, and by members of the Shanghai Volunteer Corps, a local militia.

Hot-blooded Sikhs and British territorials were often lined up side by side with the American marines against the Japanese who were nobly aided and abetted by cocky Italian sailors. Military truckloads of Japanese constantly demanded passage through the American defense sector. Or whole detachments of Japanese military police would ignore a lone sentry in chasing a real or imagined terrorist through the entire International Settlement. Tempers blazed, scorching words flew back and forth (which fortunately the other fellow could seldom understand), and how those soldiers on the spot wished that the folks back home would raise a little righteous indignation against Japan and send them enough reenforcements to push the Japanese back into their allotted places.

During the fighting at Shanghai in 1937, the S.M.C. avoided the mistake of declaring a state of emergency. The Council expressed the desire to keep the Settlement neutral, so when the Japanese and Chinese troops actually advanced into Settlement territory they did it without the approval of Settlement authorities. After the battle, the victorious Japanese simply remained in *de facto* control of more than half the total Settlement area and resisted any attempt on the part of the Council to reassume its rightful authority.

The Japanese continued in occupation of areas of the International Settlement known as Hongkew and Yangtzepoo. Sixty percent of the large-scale industries and ten percent of the small-scale industries of Shanghai are located in these two districts. Nine-tenths of the water frontage of the Settlement is there, and it is flanked by docks, storehouses, and factories. The Power Company, the Water Company and the Municipal Refrigeration plant are all in the midst of this Japanese-controlled area.

Instead of permitting the Settlement police to return to their former posts in Hongkew, the Japanese military took command of "tidying up" operations. They systematically

looted every house and factory, foreign or not, of everything of value, piled the articles high on junk heaps and shipped them to Japan. By the end of December 1939 they agreed to let foreigners back across the bridges, but refused reentry to Chinese help. Foreigners who entered the forbidden land, went on their own responsibility, without protection of extraterritoriality and subject completely to Japanese military law with its elastic definition of sabotage and anti-Japanism. The Japanese planted themselves in this important part of the International Settlement and made extensive efforts to extend their control over the part which still remained in the hands of the S.M.C.

The Japanese Consul General at Shanghai, the spokesman for the army and the navy, the puppet government of Greater Shanghai, and the Tokyo Foreign Office have all taken their turns at "hints concerning the future of Shanghai" or "demands for recognition of changed circumstances." Over Tokyo's assurance that Japan had no intention of occupying the Settlement in November 1937, General Matsui demanded the suppression of anti-Japanism, the removal of Chinese Government officials, the prohibition of Chinese censorship of the press, telephones and telegraph, and the cessation of unauthorized radio communications. General Matsui added that if compliance were inadequate he might be forced to take independent action. He demanded permission for a Victory March and then took over for the Japanese the administration of the Post Office, the Telegraph Office, and the censoring of foreign cables in the Settlement itself. When he threatened to add the Maritime Customs to the Japanese collection, the War Office decided that it was time to call him home.

Consul General Miura carried on where General Matsui left off. He demanded the expulsion of some particularly offensive American journalists and the suppression of anti-Japanese articles in the Chinese and foreign newspapers and

magazines circulated in the Settlement. The S.M.C. retorted that the Japanese should cut inflammatory anti-foreign articles out of their own press, and the Japanese came back with the very leading question: "Whose war is this, Japan's against China or Japan's against the foreign powers?" All the time *pourparlers* were in progress there were thousands of Japanese troops straining at the leash for action in Shanghai and they had very persuasive ways so far as the harassed foreigners were concerned. The S.M.C. and the authorities of the French Concession agreed to punish drastically any act prejudicial to law and order. This meant the end of patriotic societies which attempted to assassinate any "traitor" who stooped to cooperate with the Japanese.

Then the Japanese-sponsored Shanghai Government in March 1939 presented a list of demands to the S.M.C. which included:

The return of the courts to Chinese jurisdiction.
The suppression of lawlessness.
The reopening of certain police stations.
The return of the Land Office Records.
The suppression of the Kuomintang.
The outlawing of the display of the flag of Chiang Kai-shek.

The bogus mayor felt that if he could only get the S.M.C. to reply to these demands, he would have the basis for a claim to recognition. His demands were pigeon-holed or wastebasketed in the Council Headquarters, but in April 1940 the Council agreed to enter into a temporary *modus vivendi* pending a more permanent arrangement.

In the meantime, the military officials negotiated an agreement with the Council which permitted more cooperation between the Settlement Police and the Japanese gendarmes in the suppression of terrorism, which increased the number of Japanese on the Shanghai police force; gave the Japanese the right to search suspicious Chinese characters passing

through the Settlement; and conceded Japanese control over Chinese entering the south side of the International Settlement from across Soochow Creek.

In May 1939 the Foreign Office in Tokyo sounded out the United States and Great Britain on the possibility of revising the outmoded Land Regulations and of improving the administrative machinery of the Settlement.

The United States replied that Japan already had adequate representation in proportion to the taxes which Japanese residents were paying, that any changes in the Courts or Land Regulations would have to come through orderly processes under more stable conditions. The reply praised the Settlement authorities for the excellent work they had done in preserving law and order, notwithstanding the extreme bitterness and tense atmosphere prevailing at Shanghai, and under the serious handicaps of lawless activities in areas contiguous to the International Settlement and the refusal of the Japanese military authorities to return the Settlement area lying north of Soochow Creek to the effective control of the authorities of the International Settlement.

The Japanese would like to get control of Shanghai with all the wealth and power which it represents. Sir Eric Teichman has described the city:

> Huge blocks of modern buildings stand on concrete platforms, floating in bottomless alluvial mud. . . . It is difficult not to use superlatives in writing of Shanghai, everything about it is on a grand scale: its size, ugliness, modernity, efficiency, cheery good nature, arrogance, poverty and wealth.

Although the permanent position of Shanghai as the commercial heart of China is secure, temporary conditions are wretched. Real estate is off, trade is stagnant, prices are up, and banks are glutted with valueless currency. There is no sparkle about the city, only the squalor of the two million Chinese who have pitched camp on the vacant lots of the

city. Gangsters, gunmen and terrorists have converted the metropolis of the Orient into Little Sicily—only a thousand times worse. Refugees, soldiers, business men and political leaders have a job on their hands to restore a semblance of order and prosperity of the prewar days.

Foreigners, thoroughly supported by the Chinese, hate to see their rights and privileges go by the board. They want to freeze the temporary situation, or at least avoid a major debacle by granting minor concessions. Theirs is a difficult fight. Their only trump cards are naval demonstrations or wholesale evacuation, which latter course hurts them as much as their enemies. The Japanese have the strength of geographic nearness and divided enemies, and they pursue their general program by one cautious step at a time. They want more of their own nationals on the S.M.C., they want to succeed to all residual rights of the Chinese sovereign, and they want to control the commercial, legal and intellectual life of the entire city. Only the Americans are left with a ghost of a chance to protect the position of all foreigners in Shanghai. America thinks of its isolation, of its desire to stop Japan short of the rubber and tin in the East Indies, and of its wish to cooperate with Great Britain. And while America hesitates, Japan has announced its determination to stop toadying with all nations. America and Japan have seemed to square off, Great Britain and Germany have taken position as seconds to their respective champions, while compromise and peace seem to fade farther and farther over the Far Eastern horizon.

China is rather a helpless spectator at the present stage of the gruelling contest in China between Japan and its imperialistic rivals. Although the anti-imperial appeals of Japan have won some Chinese friends and supporters, China has contributed immeasurably to the weakening of Japan's position. Japan would have been able to go much further and much faster against the Powers had it not been for the Chinese

exposure of many weak spots in the imposing façade of Japan's military might. After three years of fighting, Japan could not present the same bold front to the Powers which it might have displayed had it demanded the return of the Concessions in December 1937, just after the fall of Nanking. At that time, Japan was the diplomatic giant in the Far East. But in the short years which followed, much of Japan's strength had been dissipated and much of its reputation had been buried with the ashes of thousands of its sons who sleep in restless death in the loess wastes of North China.

This story of the clash between Japan and the Powers in China is an unfinished story. Its development will depend in the last analysis upon international conflicts in the rest of the world. It is scarcely likely that the Powers will fight to keep Japan from confiscating what the Chinese threatened to confiscate before the war, and what the Chinese will undoubtedly feel entitled to if they succeed in overcoming Japan. But the Powers cannot bring painful pressure to bear to cause Japan to recede from its aggressive tactics as long as there are overwhelming complications in Europe. There is serious question about the ability of the Powers to restrain Japan, since the outstanding shifts in the European balance of power.

The Japanese are convinced that the Powers dare not oppose them. They are proceeding with plans of conquest confident that they will be able to devastate China and, in time, drive out Western cultural and commercial influences. There is no telling where the Japanese plan to go after the conquest of China. Maybe the crushing of Power interests in China is a mere prelude to the dominion of Indo-China, the Philippines, the Dutch East Indies, and eventually of all Asia.

The Japanese Army prates continuously about the life-line to the west and says Japan will never be secure until Japanese military forces establish themselves in all of Mongolia and Eastern Siberia. The Japanese Navy uses Formosa as the

springboard for its advance into the South Seas. The Navy has its man in Formosa who is as powerful as the Kuantung army's representative in Manchoukuo. Japan has its "South Seas Development Company," its plans for the Kra canal across Siam, its mandates as *points d'appui*, and its strategy completely prepared in case of war against Great Britain for the control of oil, hemp, rubber, iron, tin, sugar and tobacco in the tropical islands.

Perhaps these ambitious day-dreams may dissolve when Japan awakes to the realities of its task in China. Japan may find all it can do to hold its own against the Chinese national titan which it is itself creating. China has awakened, and not Japan alone will feel the effects of the awakening. No greater blow has been struck at the foundations of Western imperialism. Nationalism is not China's ultimate aim. China's nationalism is different from Japan's nationalism. To Japan, nationalism means security and prosperity through imperial expansion, through aggrandizement on the Asiatic continent. For China, nationalism means self-preservation leading to freedom and international equality. Eventually China wants the restoration of its lost sovereignty: first, the expulsion of Japan, then the recovery from Japan—if Japan should oust the Powers temporarily—or from the Powers of those territorial possessions, administrative fetters, and unequal treaty privileges which have stigmatized China's position among the nations of the world.

CHAPTER FIVE

Collective Security and Peaceful Change

GENERAL INTERPRETATIONS

THE HORRORS OF THE WORLD WAR inspired international idealists to seek a real basis for the vision that "it shall never happen again." President Wilson was foremost among the visionaries, and he possessed an unrivalled opportunity to convert his dreams into realities at the Conference of Paris. He had planned his victory before he led the United States into war, and he had concluded in his own mind that no disagreement with the Allies over the extent of punishment to the Central Powers should interfere with his major objective of "Collective Security." He can not be blamed too harshly for succumbing to the pressures of war psychology in a supercharged atmosphere, nor can he be praised too highly for the stubbornness with which he insisted upon building for permanent peace. It is no fault of his that during the post-war era the nation-states have forsaken the obligations of collective sacrifice and have reverted to the bestial combats of the balance of power.

Wilson's collective security was based on the premise that any war or any threat of war is a matter of concern for every one. Or, as Secretary Hull has phrased it, "any situation in which armed hostilities are in progress or threatened, is a

situation in which the rights and interests of all nations are or may be affected." Economic solidarity has brought into existence a condition of international interdependence. The only logical or sound basis for any system of organized peace in the world is to be found in political expression of this admitted economic unity. No nation can live to itself. It is close neighbor to some other nation. When fire breaks out in a neighbor's house, the most sensible thing to do is to protect one's own house by helping to put out the fire next door.

Collective security is the best guarantor of permanent peace, and the only feasible method for the elimination of war. People want peace. Even the dictators must recognize this basic human desire. But people desert peace in favor of a war method when the objectives desired seem unobtainable by peaceful methods. They resort to aggression, and rely upon their strength of arms to accomplish their purposes. This kind of self-help is expensive, it is haphazard and it is ineffective. Even if war brings victory, victory is "at best a temporary interruption of dominant trends."

Collective security aims to put an end to this kind of aggressive action. It holds that changes must be in accordance with orderly processes and collective decisions. It protects the weak as well as the strong, and as originally designed, it brings to bear the unified and combined moral, financial, economic and military strength of the international community against the outlaw. It contemplates a preponderance of power so overwhelming that no single State or combination of States could risk disobedience to collective judgements. Its contributions to society would consist of preventing wars, of punishing those who illicitly embark upon wars, of providing cooperation in the elimination of disputes, and eventually of planning a redistribution of the world's goods in such an equitable manner as to eliminate the desirability or advantage of armed hostilities.

The provisions for sanctions were incorporated into the

Covenant of the League of Nations in the pious hope that they would never be called into actual practice. Moral pressure seemed adequate, particularly when exercised in accordance with the demands of public opinion. Popular education would eliminate national compartments of sentiment, and demand the settlement of political controversies upon their intrinsic merits.

Realistic handicaps appeared from the outset in the struggle to translate ideals into practice. The basic premise that the process of education would lead to international understanding exposed a primary fallacy. Education does not necessarily diminish international friction. Educated representatives in national groups are oftentimes the most violent debaters. They are most adept at exposing the sham of pretended differences. They are usually more reluctant to resort to tests of battle, but they are always more adamant in championship of their own points of views. It often happens that the more they learn about other nations, the more they scorn, ridicule and abuse the other nations for their manifest faults and shortcomings. When educated people take refuge in recrimination, their charges are more vindictive and insulting. Education can lead to understanding, and to the formation of national policies which minimize the opposition of others; but as a matter of fact education frequently distorts its own capabilities. Very little international insecurity results from ignorance, and antagonisms are sharpest between nations who understand each other best.

A second serious problem centered about freezing international injustices. The status quo of 1919 is not necessarily the ideal status quo. Is it fair to confirm nations in possession of what they obtained by force? The British Empire was founded on past centuries of conquest. The differences between the United States in Panama and the Japanese in Manchoukuo are "differences of calendar and not differences in conscience." Many argue that surrenders of past accretions

must precede a generally acceptable recognition of collective security. Victors, or satisfied entities, always preach the necessity of security, law and order, while those who have achieved prominence on the world scene later, talk in terms of justice or moral rights. The Japanese have often said that the preachments of the United States and England sound like sermons from retired burglars who are living in luxury on the swag they have accumulated.

The will to peace and the willingness to sacrifice national interests for peace are entirely different things. The great democracies insist upon "peace" but it is "peace on their terms." They say to the dynamic states, "Guarantee peace, and then we will talk about the return of the colonies," while the others retort, "Give us back the colonies, and you need have no fear for peace." Those nations who can look ahead to a prosperous future if they are left alone are not prone to surrender any of their sources of income for the sake of the welfare of international society. They want peace, but they are not willing to pay a substantial price for it.

A third dilemma resulted from the contradictory concepts of the "indivisibility of peace" and "regionalism." Can the United States be held responsible for help in adjudicating Mongolian boundary disputes, or does the League of Nations have any right to interfere in the question of Mexican seizures of American oil properties? Can the world be separated into mutually exclusive regional compartments wherein the maintenance of peace and order belongs to chosen occupants, or is the problem of collective security transcendent to every limitation of nation or region?

In the years immediately following the world war, it was understandable that emphasis should be upon "security" for the victor rather than betterment for the loser. Scars of war were painfully deep, and hatred of the enemy deliberately instilled through years of fighting could not be discarded overnight. But even at the crest of the wave of ill-feeling,

Mr. Wilson foresaw that it would be necessary to recognize and to provide for accelerated national development on the part of those nations who were temporarily "down."

Therefore he set up machinery for peaceful change. Peaceful change is not a successor to collective security. It is merely the other side of the same medal. It is the frank acknowledgement that the guarantee of legitimate transfers and alterations must accompany the guarantee of legal possession. "Legitimate" is a difficult word to define, and, as a matter of fact, the barons of Geneva were notoriously slack in setting up machinery which would establish a standard of legitimacy for peaceful change. As a consequence, there arose a distinct twilight zone between acceptable peaceful change and unacceptable procedures of boycotts, interventions, commercial pressures, threats of war, concerted action for despoiling a victim, militant propaganda, measures short of war, and the "general renunciation of war in favor of silent methods which are equally disastrous."

Change is a painful process. It is universally feared when the outcome is unknown and unpredictable. Therefore, it is opposed in the international sphere, but at the same time its necessity is unanimously admitted. The problem is to bring about specific changes by orderly processes and to provide for permanent and continuing cooperation in the elimination of conflicts. Demands for change which are based on growth and welfare of the masses must be acceded to; those which seek strategic or autarchic benefits alone must be ruled out. The unilateral use of force is a dangerous criterion for righteousness, as is a nation's sole right to judge for itself the goodness or badness of a cause which it is espousing. Peaceful change must flow from the common acceptance of the objective of world peace and prosperity, without reservations concerning national honor or vital interests, and without exception to the obligation to bring pressure upon an aggressor state. This, if accepted, would mean that national rights

would have to be standardized at something less than absolute sovereignty, and would have to be limited by a recognition that there is such a thing as an abuse of a right giving rise to an equitable claim against the country guilty of the abuse. "The legal right of possession would have to bend before the moral right of equality." But on the contrary, it has invariably been considered a point of honor, or a political necessity, not to make concessions, even to rectify admitted discriminations or disabilities. The main implications of peaceful change relate to the political status quo, but they deal just as vitally with underlying economic realities. These economic realities must be met and adjusted before high-sounding phrases about world peace will have any meaning. The urge for peaceful change has its ultimate source in the social and economic inequalities within and between nations. Differences in standards of living within a country, in per capita income, in possibilities for social improvement, in the exercise of political rights, make it possible for pressure groups to dictate internal legislation as well as international diplomacy. Oftentimes, it is said that thus and so is the policy of Japan, when it is really meant that thus and so is the policy of the army, or of the eight big families. Pressure groups are often responsible for the most intolerant and restrictive internal measures which offend sensibilities, limit opportunities for profit and give rise to international friction. High tariffs, exclusion acts, cash and carry neutrality, intervention in Mexico, can all be traced to interest groups. These groups will agitate for more external pressures, more land in Abyssinia, more *Lebensraum*, or more appropriations for battleships in order to improve and enhance their own privileged positions. In democracies they will hide behind the skirts of politicians. When other nations approach the heads of democratic governments suggesting an accommodation or compromise, the latter are helpless. They are probably too engrossed in domestic politics to accord first rank to international complications,

and they are traditionally restricted from certain areas into which the business men permit no political trespassing.

When it is suggested to pressure groups that the necessity for change, or the scope of change, will be mitigated by prior internal readjustments, the pressure groups reply that first they must receive satisfaction for their international demands, then they will turn to internal inequalities. The outsider's suggestion is: put your house in order and you will not need international expansion. The insider's reply is: give us international expansion and our house will put itself in order. There is the story of the chicken and the egg in a new and different setting.

The urge for peaceful change has its immediate source in the desire to eradicate international inequalities: inequalities as between nations, rather than inequalities as between classes within a nation. Standards of living differ, and the awareness of the differential is the excuse for aggression or repression. The spokesmen for the underprivileged demand movement, seeking a levelling; the spokesmen for the favored insist upon obstruction, seeking the preservation of the differential. When movement involves crossing of political frontiers it becomes aggression. Then the question of standards of living enters the arena of international politics. It is a curious assumption that equality in standards of living guarantees a more stable foundation for peace, because the most catastrophic wars have been between nations enjoying comparably high standards of living.

Overpopulation as an explanation of the economic urge for expansion has been worked to death. Migration and colonies afford insignificant relief. Improved land utilization and increased industrialization contain greater promise for the alleviation of population pressure. The hackneyed excuses of raw materials and markets can not stand searching scrutiny. In peacetimes, there is an actual oversupply of raw materials and there is no case of a nation's having to forego any purchase

because of unavailable quantities or sources of goods. Nations need purchasing power and not actual commodities. In wartimes, or in prewar times when there is mad competition to accumulate reserves, no nation is going to feed its potential enemy (except for profit). Markets are necessary to obtain the foreign exchange to buy the raw materials, but mere political control of markets can not increase the demand for imported goods nor enhance the purchasing power of the natives.

These economic urges for peaceful change become submerged in an overshadowing pursuit of power and prestige. Politicians use understandable economic desires for equality in a share of the world's goods, as a basis for demanding more power and greater prestige. Propaganda artists and intelligence bureaus broadcast the most inflammatory defamations of their enemies' character and intentions. They mix genuine grievances and hypothetical persecutions in their campaigns to incite their people to a psychological pitch where a minor economic concession becomes a vital necessity. To slacken the demand becomes cowardice; to retract it, becomes a sacrifice of prestige. The pursuit of power and prestige, the yearning to spread one's superior culture for its own sake, becomes a national obsession. Thus an original, solvable quest for improvement grows into a vague, intangible, emotional cause of war. The masses experience the emotions, and in their excitability prevent any retreat on the part of their leaders.

APPLICATIONS TO EASTERN ASIA

These general interpretations of collective security and peaceful change are preliminary to the process of analyzing the relationship between Sino-Japanese issues and the greater problem of world peace. Collective security in Eastern Asia contains little or nothing of international justice. The long record of exploitation has made China feel as a patient being

operated upon by a group of discordant surgeons. Their faith in the Wilsonian ideal of an international order which would guarantee the rights of the weaker has been shattered. Both China and Japan see their rights badly mangled and insidiously trampled upon by the Concert of Nations. Discriminatory treatment of aliens and failure to recognize racial equality have burned resentment deep in their souls.

Neither China nor Japan has ever been a champion of collective security because they have both belonged to the category of nations which demand peaceful change. However, they both have shifted their pretensions to acknowledge the primacy of the international system to accord with their national interests. Before 1931, Japan talked about the necessity of orderly processes; after 1931, China took over the Japanese side of the debate.

China's demands for change have been precise and based on legal premises. China asked for the abolition of the treaty tariff, extraterritoriality, the concessions and settlements on the grounds that these impairments of sovereignty were outmoded and unjustifiable. The Powers recognized the growing efficiency of China's political control, admitted that these guarantees for commercial prosperity were no longer completely necessary, and negotiated merely on questions of time and manner with regard to retrocession. Psychological tensions between an impatient Chinese government and political influences of the foreign-vested interests were kept at a minimum, and ordinary diplomatic channels were advantageously utilized for necessary adjustments.

Japan's demands have proved infinitely more difficult. They are vague, based on moral rights, equity, comity, or reason, and they contain nothing tenable or precise which the foreign Powers are duty-bound to recognize. They seek new sovereign rights which correspondingly diminish the rights of others.

When Japan was smarting under restrictive immigration

measures and retaliatory duties against Japanese imports, Japanese representatives argued against absolute sovereignty and the right of a nation to choose for itself whatever course its own economic existence seems to demand. Japanese spokesmen said that it was the duty of the nation-states to consider the interests and requirements of all mankind and to take into the account the desires, feelings and sensibilities of others for the sake of international social good. These same arguments have been repeated in connection with overpopulation, raw materials and markets. Japan can not come right out and ask for a reduction in American tariffs or a share of the Texas oil fields or the guarantee of an increased quota in Japanese exports, or any other specific measure in the direction of economic equality.

Japan feels keenly the need for consideration and it allows expression of sensitivity to take the opposite extremes of isolation and encroachment. Japan fears and dreads economic nationalism, and for prevention and counteraction it resorts to strong action in its East Asiatic bloc. When Japan complains that it is misunderstood, it means that foreigners who do not live in the shadow of isolation and encirclement can not appreciate the psychological disturbance which these haunting spectres create. When Japan thinks of international consultation, it emphasizes that the purpose shall not be for the restriction of Japanese enterprise nor for the guarantee of the status quo, but shall be for the purpose of making palatable to others Japan's legitimate needs for expansion and peaceful change.

The Pacific area is not a good market for any international system. There is no true regional solidarity and no unity of national interests. Chile feels little in common with Kamchatka and certainly no one in California has the slightest intention of providing Korea with thirty dollars every Thursday. As a matter of fact, the American West Coast feels infinitely greater indignation because of the treatment of

minorities in Germany than it feels because of a thousand times greater suffering caused to the refugees in China. A Pan-Pacific Union, or a Pacific Board of Reference, or a League of Pacific States is doomed to stillbirth because of the different cultures, the unequal economic levels and the varying forms of government in the countries which fringe on the boundless waters of the Pacific Ocean.

Conditions in and between the greater Powers in East Asia are ill adapted to any enforceable system of international government now. China lacks solidarity, is weak and easy prey to hostile invaders, and is consumed with one overwhelming desire to square accounts with Japan. But it still has some scores to even up with the West and is suspicious of their protestations of good faith and conversion to China's cause. Japan is strong on land and on sea. It is convinced that its future depends upon expansion and no reason can persuade it of the value of good will and cooperation. Its vulnerability leads to protective excesses and the dominant controlling forces in the army intend that there shall be no backing down. It demands the recognition of Manchoukuo and of its own special position in China. It has no time for agreements which would freeze an impossible status quo in the name of peace. It is suspicious of the Open Door, and other high-sounding commercial policies which are to Japan camouflages for the Western Powers to perpetuate their ill-gained predominance in the affairs of China. It laments that it is misunderstood and sulks in the moody wail that it must strike out alone.

Its opponents are not in position to or are not inclined to do anything about it. The problem of Germany overshadows every diplomatic consideration. Russia is head over heels in internal plans and is quite content so long as Japan heeds the no trespassing signs in Siberia and Outer Mongolia. The United States in its isolation Valhalla shies from all entangling alliances and keeps its tongue in its cheek about Japanese

expansion on the Asiatic mainland as long as its sales exceed last year's, as long as Japan refuses to team up exclusively with Germany. Great Britain has troubles elsewhere. It can not presume to speak for all its dominions, and it cannot overlook the vulnerable position of its colonies, settlements and investments which are really little more than hostages to Japan in guarantee of Britain's understanding behavior. The League has gone to pieces, "vital interests" have pulled the teeth out of all international engagements, so the field is clear for any forward policy Japan wants to adopt.

The dilemma which faces the Powers is whether they shall accept Japanese expansion, agree with Japan on some *modus vivendi* which will salvage as much as possible of their rights and interests, or whether they shall exert pressure upon Japan, extend aid to China, and depend upon China to stall the Japanese machine. With the latter alternative there is the hope that the "liberals" will restore sensible leadership to Japan, but there is the double risk that Japan will become more bitter and reactionary than ever, or may go completely to pieces and leave the whole Far Eastern arena to the ambling, dreaded, Communistic Russian bear.

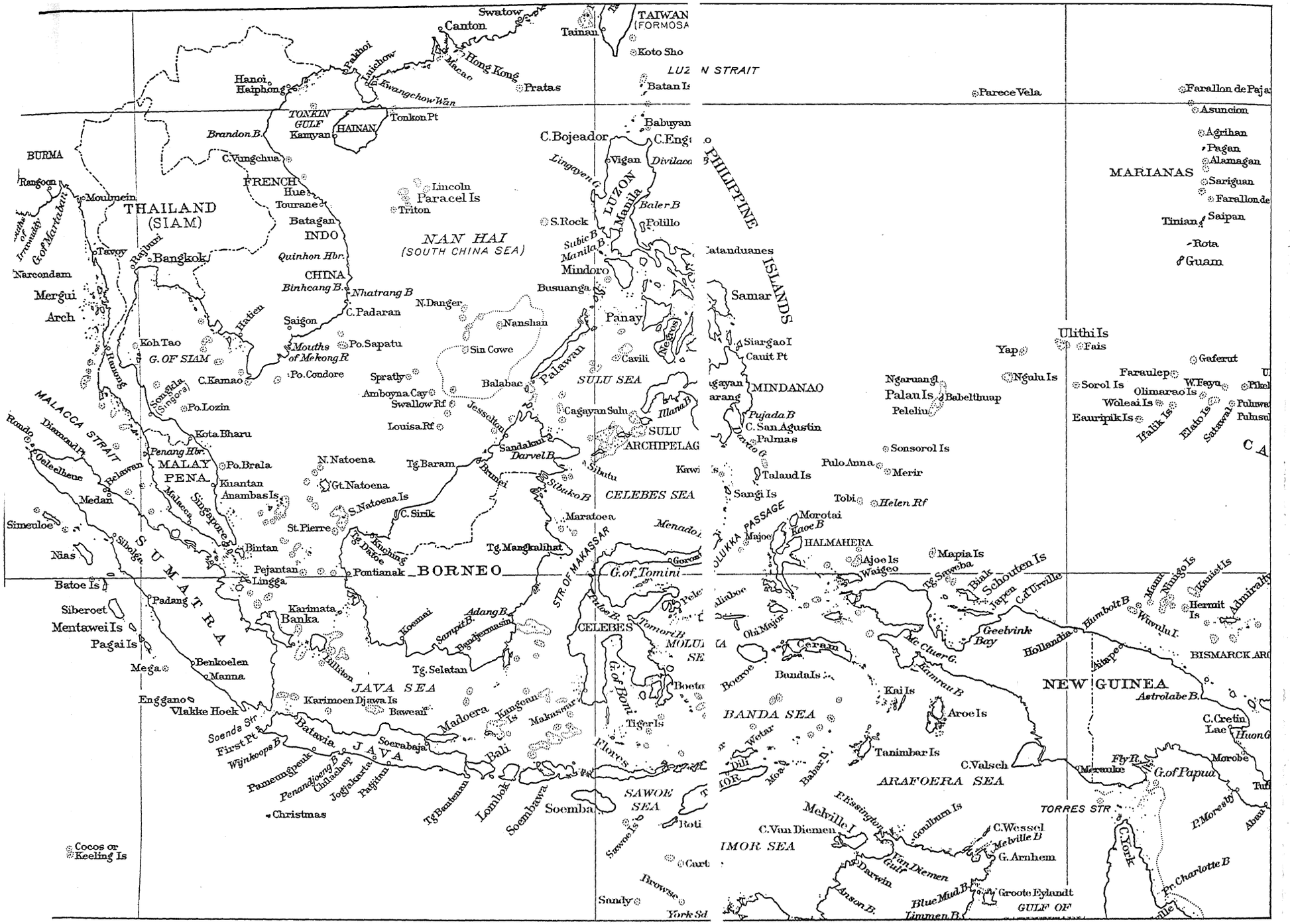
These considerations of power politics make it quite clear why the machinery for collective security and peaceful change, which was conceived with impeccable motives and dedicated to high ideals, was destined in the Pacific area to disuse, and virtual discard.

DIPLOMATIC MACHINERY IN THE PACIFIC AREA

Ordinary diplomatic channels constitute the original and underlying basis for the supplemental international superstructure which has been erected for purposes of collective security. Ambassadors and Ministers are resident in every capital, and they are advised and supported by trained diplomatic staffs. The Embassy of the United States in Peking included General Secretaries, China-Service Secretaries, Mili-

tary, Naval and Commercial Attachés, and Attachés for Language Study. Consuls in the treaty ports supply the commercial and political information which is necessary for the adjustment of international disputes. No one knows how many officers and attachés are at the Japanese Embassy in Nanking. The Official list contained fewer than twenty but whenever there was a gala celebration, as in honor of the Emperor's birthday, swarms of Japanese officials were on hand for the champagne and cakes.

In addition to the ordinary diplomatic machinery, there are bilateral pacts of arbitration, conciliation, non-aggression and mutual assistance which bind some of the Pacific Powers in a skeleton organization for the preservation of peace. But these pacts usually contain exemptions of autonomy, vital interests, territorial integrity, or national honor. By their provisions, the signatory Powers agree to submit to conciliation or to arbitration all questions except the only questions regarding which they are likely to risk a war. Even with these sweeping and pertinent exceptions, the Pacific Powers have obligated themselves to disappointingly few pacts. Japan had an arbitration treaty with the Netherlands until August 1940, and China still has arbitration and conciliation treaties with the United States, and arbitration treaties with Brazil and the Netherlands. Japan and China have non-aggression treaties providing for a delay of war or no resort to non-pacific means with the Soviet Union. The Soviet Union has published the text of its mutual assistance pact with Outer Mongolia. Eastern Asia has never been hospitable to arbitration or judicial procedures as is illustrated by the fact that, of a total of 127 disputes submitted to judicial settlement or arbitration since the World War, only two have involved extensive and vital problems of the Pacific area. Machinery for peace could be brought into being on the basis of bilateral pacts, even if the instrumentality of bilateral pacts has been practically ignored.



SOUTHEASTERN ASIA

The treaty settlement resulting from the Washington Conference in 1922 affords a basis for regional diplomatic machinery for Eastern Asia. The Four Power Treaty, signed by Japan, the United States, Great Britain and France, provides for mutual respect of one another's insular possessions. It calls for a joint conference, supplementary declaration, it exempts controversies lying exclusively within the domestic jurisdiction of the respective Powers. According to the American ratification, it involves no commitment to armed force, no alliance, and no obligation to join in defense measures. These terms prepare an ideal way for the constitution of adequate enforcement machinery.

The Five Power Pact sought the limitation of Naval Armaments as between Japan, the United States, Great Britain, France and Italy, but it passed out of existence with the coming into force of Japan's denunciation in December 1936.

The Nine Power Pact, concerning principles and policies in relation to China, has been participated in by nineteen states and dominions. It forms a unit with the Four Power and the Five Power Pacts and it may or may not be considered in force. The Japanese do not respect it, and the previous Secretary of State, Mr. Stimson, declared that it might be regarded as terminated with the expiration of the Naval Agreements. Mr. Stimson declared that the death of one of the treaties would imply the death of the other two, but neither he nor his successors have issued any categorical statements to the effect that the Nine Power Treaty may be considered as having expired.

Under this treaty, the Powers other than China agree:

1. To respect the sovereignty, the independence and the territorial and administrative integrity of China;
2. To provide for the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;
3. To use their influence for the purpose of effectually estab-

lishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

4. To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states, and from countenancing action inimical to the security of such states.

To carry out the principles enumerated in this first Article, the parties undertake to apply the Open Door by refusing to seek and to support their nationals in seeking in any designated region of China special privileges, monopolies or preferences in respect of the economic or commercial development of China. Furthermore,

the Contracting Powers agree that whenever a situation arises which in the opinion of any one of them involves the application of the stipulations of the present treaty, and renders desirable the discussion of such application, there should be full and frank communication between the contracting Powers concerned.

This treaty, embodying as it does a restatement of the Doctrine of the Open Door, gives legally binding effect to the principles contained in the diplomatic circulars of Secretary Hay. The purpose of the Nine Power Treaty is to abolish the spheres of interests, not regulate competition within them. It proceeds from the double assumption that the interests of all will be best promoted by peace in the Orient, and that peace in the Orient is in turn dependent upon the welfare of China.

The wording of this treaty is based upon resolutions framed by the legal skill of Elihu Root. It is unequivocal and it was intended to forestall exactly the kind of action which Japan unleashed in 1931. There has been no possibility of reconciling Japanese action with the principles set forth, so the Japanese line of attack against the Nine Power Treaty has

necessarily been to assert that the fundamental conditions upon which it was entered into, have changed so radically that Japan is released from its obligations. Unfortunately, there is no machinery for enforcing, interpreting, defining, revising or terminating the Nine Power Treaty, so there is no legal means of deciding whether the tenets of the Treaty or the new contentions of Japan shall be sustained.

Ad hoc conferences have met from time to time to deal with such regional Pacific problems as the smoking of opium, the protection of seals, the protection of halibut fisheries, and the delineation of disputed portions of the Canadian-American boundary.

Occasionally there have been suggestions that these limited conferences should be replaced by permanent or continuing regional machinery in the Pacific area. A Chinese professor proposed a Conciliation Commission in Manchuria in 1929, two distinguished Japanese lawyers suggested periodical conferences "to alter the status quo, and to readjust existing economic inequalities and political injustices" in 1933, and the Australian delegate to the Imperial Relations Conference in London in 1937 brought up for discussion a Pan-Pacific Non-Aggression Pact.

Provisions for general diplomatic machinery which would apply automatically to the Pacific area may be subdivided into four groups of conventions. The first group refers to general treaties for international cooperation with regard to subjects. Most of the Pacific Powers have accepted general treaties providing for restrictions in the conduct of war, cooperation in matters of health and humanitarian enterprises, publication of economic statistics, and acceptance of standard practices and procedures in postal, shipping, telegraph and telephone, and aviation communications. In some cases administrative commissions or unions have been established to give effect to the agreements to cooperate, but as

has been pointed out, these treaties have been designed for universally-felt economic or social needs and cover no significant controversies in the fields of national policy.

The second group of conventions may be styled "The Hague System." This system provides for a seldom-called-upon procedure for pacific settlement, good offices, mediation, inquiry, and arbitration. It limits the right to use force in collection of international debts and it obligates the signatory Powers to give previous and explicit warning before the commencement of hostilities. This system represented pioneer efforts in the realm of international organization and it resulted from the Hague Conferences in 1899 and 1907. It contained much of promise until the World War reduced a multitude of treaties to scraps of paper and paved the way for the League of Nations and its companions at Geneva.

The Geneva conventions for the prevention and limitation of war rest upon the political obligations of the Covenant which relate to disarmament, the prevention of war, the renunciation of war, pacific settlement of international disputes, sanctions against war, peaceful change, and regional understandings. The framers of the Covenant believed that they had capitalized upon every preceding constructive effort for the continued maintenance of peace. They incorporated into the Covenant provisions utilizing the known devices of pacific procedure. They established adequate machinery for conciliation, arbitration or judicial settlement. They provided commissions and sections to continue the good work of international cooperation in technical fields, but unfortunately, from the viewpoint of Japan, they omitted any acceptance of the doctrine of racial equality.

The Geneva machinery also contributed to the world's peace structure the Permanent Court of International Justice whose jurisdiction extends over legal disputes concerning: (a) the interpretation of a treaty; (b) any question of international law; (c) the existence of a fact which, if established,

would constitute a breach of international obligation; (d) nature or extent of the reparations to be made for the breach of an international obligation.

The fourth group of general treaties includes two instruments of predominantly American origin. The first is the Kellogg-Briand Pact which stipulates that

> the Parties solemnly declare in the names of their respective peoples that they condemn recourse to war for the solution of international controversies, and renounce it as an instrument of national policy in their relations with one another.
>
> The Parties agree that the settlement or solution of all disputes or conflicts of whatever nature or whatever origin they may be, which may arise among them, shall never be sought except by pacific means.

As a corollary to these obligations, Secretary Stimson sent identic notes to the governments of China and Japan on January 7, 1932, which declared that the United States does

> not intend to recognize any situation, treaty or agreement which may be brought about by means contrary to the Covenant and obligations of the Pact of Paris.

The Kellogg-Briand Pact serves to bring the United States into the arena of general international problems. Through it, the United States has cooperated with the League of Nations in Far Eastern questions, and has participated in discussions at Geneva which would have been impracticable without the warrant of the Kellogg-Briand Pact. The Pact itself contains no machinery for consultation, definition or enforcement. It relies upon no sanction other than that of public opinion. It places no positive obligations upon any of its signatories, and to that extent has been helpless in the preservation of peace.

The United States is the only one of the Pacific Powers which has ratified the second predominantly American instru-

ment: the Argentine Anti-War Pact. But the Pact is open for signature to others, and it is available if the Powers want to use it as a basis for more determined action. Signatory Parties condemn "wars of aggression," formally accept the Stimson Doctrine, provide for conciliation, and undertake to utilize every "political, juridical, and economic means authorized by international law," but in no case to "resort to intervention either diplomatic or armed."

From this analysis of provisions for diplomatic machinery available for the pacific settlement of disputes in Eastern Asia, it is clear that Japan was under no necessity to resort to war or positive action. It could have utilized its own diplomatic representatives (with guarantees that it would forego the exertion of pressure upon China's diplomats); it could have submitted to conciliation, arbitration or judicial settlement; it could have invoked the Pacts of Washington; or it could have conformed to the procedure and decisions of the League of Nations. There was ample machinery in existence for the solution of its political controversies; the machinery was useless without the willingness of Japan and the Powers to set it in motion. Treaties are valueless unless ratified and enforced. Failing implementation international pacts are and will be quite useless as actual means for the pacific solution of international controversies.

DIPLOMATIC MACHINERY IN OPERATION

The structure for collective security and peaceful change was considered reasonably complete in 1928. The Chinese, among others, were content with past results and future prospects. In the world abroad, there were misgivings about the fate of the proposed Limitation of Armaments Conference, and there were rumblings that the great "have" powers were abandoning the high ideals of the League of Nations in favor of a sordid, selfish program of preserving the status quo. There was a regrettable indisposition to submit serious dis-

putes to the jurisdiction of the Permanent Court, and to adjust international economic conflicts at the cost of any sacrifice on the part of any element in the internal economic order.

In China, there was rejoicing that tariff autonomy had been regained and that judicial autonomy would be the next achievement. The Nine Power Treaty was unchallenged after six years of acceptance and China relied upon the mutual jealousies of the Powers to prevent further spoliation of China's territorial integrity and administrative entity. The West was on the defensive, imperialism had been discredited as an economic asset, and the Occident seemed rather resigned to a graceful retreat from its privileges in the East. In 1928 the unification of China was proceeding apace. The ousting of the Russians from the Kuomintang diminished the relative strength of the Communists in the nationalization program. Sun Yat-sen had been transformed from a mere man into a glorious tradition and a sacred symbol. The political capital had been shifted from the lazy, roseate city of Peking to the ambitious struggling city of Nanking. And the Shanghai bankers had promised the funds which would make possible a national army to crush any war-lord's revolt. Chang Tso-lin, the powerful old bandit, was dead. His son, Hsueh-liang, had promised that he would surrender Manchuria to the unquestioned jurisdiction of the Central Government. Shidehara controlled the policies of Japan, and, with it all, the world depression was a whole year away.

The interlude between 1922, the date of the Nine Power Treaty, and 1929, the date of the war between China and Russia, proved to be a truce of exhaustion. Economic improvement entrained the illusion of political peace, but three rapid challenges arose to smite the placid god of collective security.

China was the first to stir and to voice its demands for change. It was followed by Russia, which found the way out of its internal chaos and famines, became blatantly proud of

its nationalism, and sought to erase the memory of its recent humiliations in China by a new declaration of its importance in Asia. Then Japan viewed with alarm the growing strength of its neighbors. It perceived a fatal menace to its own position in the economic modernization of China and in the rearmament of Communist Russia. When its external alarms were intensified by the crash of the silk industry, Japan itself became the most vigorous opponent of the Oriental status quo.

When these three nations stirred, they exposed the inadequacies of the system of collective security. They recommenced the vicious struggle for power, prestige and profits without serious regard for the obligations which they had accepted as voluntary limitations upon their freedom of action.

In 1929 Russian troops crossed the Chinese border, in self-defense of course, and put to flight the armies of China by spraying them with cabbage stalks, bags of soot, and a sprinkling of rifle bullets. Secretary Stimson succumbed to the temptation to remind the government of the USSR, of its obligations as a participant in the collective system. The Russians replied that no State has the function of protector to the pact, that the Soviet-Manchurian conflict could be settled only by direct negotiations, and that

> the Soviet Government cannot forbear expressing amazement that the Government of the United States, which by its own will has no official relations with the Soviet, deems it possible to apply to it with advice and counsel.

After this arching of their diplomatic eyebrows, the Russians proceeded to settle their affair with China in their own devious and protracted way. They cajoled the Chinese representative into signing a truce at Khabarovsk and suggested that he come to Moscow for definitive peace negotiations. The peace arrangements were entirely forgotten in the round of social distractions at the Russian capital, and they

dragged on until they became inoperative because of the disaster to both Russian and Chinese interests in the Japanese advance into Manchuria in 1931.

This preliminary skirmish caused incalculable damage to the entire peace structure. It demonstrated that the Kellogg Pact was toothless, and could be defied without serious efforts on anybody's part to implement its indeterminate phraseology. It set the precedent for Japan to treat international butting-in in Manchuria with disdain and to rely upon direct negotiations for the settlement of its arguments with China.

Ordinary diplomatic channels had always been utilized to the greatest extent by China and Japan for the negotiation of treaties solving particular issues between the parties in dispute. Published diplomatic notes had been employed as convenient techniques of winning the support of one's constituency to the government's point of view, and they had a convenient way of making the receiving state seem entirely in the wrong. When notes were transmitted in secret, they could be accompanied by subtle suggestions and pressures which made the weaker government submit. Oftentimes innocent-looking treaties were the result of the most intensive kind of bargaining, but they usually guaranteed the advantage to the stronger. For those additional reasons, ordinary diplomatic negotiations were likely to be called upon to an increasing extent by the government of Japan. Japan consistently maintained the position that the China affair concerned the two parties alone and must be settled without third-party intervention. On the other hand, China insisted upon some kind of outside representation, and offered to submit to arbitration, judicial settlement, or conciliation through the instrumentality of the League.

China eschewed the old Hague System because it had become weakened by comparative disuse since the World War. Likewise, China turned its back upon the possibilities of the Nine Power Treaty because originally it feared that the Nine

Powers would dissolve themselves into a coalition of eight versus one. China noted the absence of Russia and Germany and knew too that Japan would be least amenable to international suggestions under the treaties of Washington. Japan had bitter memories of those treaties. They were negotiated at a time when Japan was helpless, and was retiring under pressure from a magnificent vantage point in Eastern Asia. They were too one-sided in favor of China. They did not make China toe the mark in its own political development and they consented by silence to the feared and detested institutions of the boycott and "anti-Japanism."

China therefore shied away from invocation of the Nine Power Pact, and no one else brought forward a serious suggestion for its availability until Mr. Stimson sounded out the British Foreign Office on the proposal after the incident at Shanghai. By mutual consent, the Nine Power Pact was passed by in silence in favor of continued procedure under the League of Nations.

China approached the League of Nations with a great deal of hesitation. It had placed itself on record in 1929 as saying that the League did not understand the complexities of the Oriental situation and had no interest in Chinese affairs. "The League has no real understanding of the needs of the Chinese people. It does not fully comprehend oriental problems and cannot at present devote adequate attention to them." It felt that the League was primarily a European organization, permanently preoccupied with European problems. China distrusted the Great Powers who dominated the Council, and felt that Geneva was too far away to take quick and decisive action. Moreover, Japan had had an intimate record of cooperation with the League and through its permanent representative on the Council was fully aware of League sentiments and techniques. Mr. Nitobe had been Under-Secretary General of the League, and numerous Japanese representatives served in the Secretariat and on the various commissions and

sections. Japan enjoyed the administration of mandates under the supervision of the League, and it had a judge on the World Court. It sat in on all important conferences, and because of its greater power assumed a much greater role than China could aspire to. This prestige which Japan enjoyed might very well influence the League to cater to the whims of the stronger, regardless of the merits of the case at hand.

The Japanese troops occupied Mukden with such speed that they did not give the Chinese authorities much time to weigh the pros and cons of the situation. China had to act and to act quickly, and it acted on the advice of its trusted Australian adviser, Mr. W. H. Donald, "China's Number One White Boy." He reasoned that the Chinese were no military match for the Japanese, so armed resistance would be futile. He suggested a policy of non-resistance accompanied by an immediate appeal to the League of Nations. He believed that within a week at the most, the League would brand the Japanese as aggressors and set in motion the machinery which had been designed to protect the interests of the victim.

China appealed to the League on the basis of Article XI of the Covenant which states that in case of war or threat of war "the League shall take any action that may be deemed wise and effectual to safeguard the peace of nations." As was to be expected, the Japanese delegate insisted upon direct negotiations, but the Council of the League took cognizance of China's appeal, asserted its concern in the Sino-Japanese controversy, and took every step towards pacific settlement in close cooperation with the United States. The Council suggested conciliation, accompanied by cessation of hostilities and mutual withdrawal of belligerent troops. But the Japanese became more uncompromising in their international attitude as their soldiers swept on to unprecedented victories in Manchuria. Japanese reinforcements from Korea spread from Mukden to Kirin, thence to Harbin and Manchouli and eventually occupied the whole of the Northeastern Provinces.

While the Japanese bombs burst in Manchuria with increasing intensity, the oral bombasts at Geneva subsided in inverse proportion. The League contented itself with the appointment of a Commission of Inquiry composed of the Earl of Lytton, Major General Frank R. McCoy, General Henri Claudel, Dr. Heinrich Schnee, and Count Aldrovandi. Even before the Commission arrived in the Far East, it was painfully apparent that the Japanese had no intention of accepting anything less than one hundred percent endorsement of their national policies. Probably the part of wisdom would have been to withdraw the Commission without attempting an inquiry under Japanese auspices, but it was decided to carry on with the original intentions in spite of the altered military situation. Exhaustive international efforts to keep Japan within the bounds of orderly processes for peaceful change seemed worth while from at least three points of view. They would lessen the danger of Japanese encroachments upon foreign interests, prevent a feeling on the part of the Chinese that they had been sold down the river, and strengthen the palsied edifice of collective security. Secretary Stimson dreaded

> the immense blow to the cause of peace and war-prevention throughout the world which would inevitably be caused if without protest or condemnation Japan were permitted to violate and disregard the group of post-war treaties which she had ratified, and upon which so many hopes of our race and of our part of the world had been predicated.

Then in January 1932, for some reason or other, the Japanese advanced into Shanghai. Perhaps it was to give face to the Navy which hoped to balance the success of the Army in Manchuria, perhaps it was the prelude to an ambitious scheme to occupy the whole of the Yangtze Valley, or perhaps it was a screen for phenomenal developments in Manchoukuo. The real reasons for this ill-timed Japanese venture

are buried in the files of the Japanese General Staff. A magnificent battle, or a terrible slaughter—depending upon the point of view—took place in Shanghai. When the smoke of battle cleared it revealed the Japanese radicals in the saddle at Tokyo; the Chinese reconciled to the futility of non-resistance and the necessity for self-reliance, the independence of Manchoukuo a *fait accompli*, and the Lytton Commission on its hapless way. But it also revealed a new and stronger attitude on the part of the Powers. They had been inclined to treat lightly Japanese encroachments as long as confined to Manchuria. But a roaring Japanese lion on the threshold of the International Settlement at Shanghai was entirely a different and more serious matter.

When the Commission of Inquiry had been appointed, its task was defined as making recommendations for the settlement of controversies in Manchuria, which was a recognized part of China. By the time the Commission arrived on the spot, its task had changed to making recommendations for the settlement of new and different controversies in a Manchoukuo which was hailed as an independent country. The Japanese politely told the Commission that the old terms of reference of the dispute were inapplicable, and the Commission would have to report to Geneva on the basis of the revised status quo. It was an extremely perplexing situation but the Commission was equal to the occasion. It investigated conditions in Manchuria under the strict escort of Japanese attachés, but it was able to assemble a mass of evidence which served as the basis for its recommendations and report.

Unfortunately the wheels of international peace machinery grind slowly, and by the time the League had published and acted upon the suggestions of its investigating commission, Japan had effected such sweeping changes in the political set-up of the Northeastern Provinces that it was plausible to say that the Earl of Lytton and his colleagues ignored realities. Whereas their recommendations might have been pertinent

in October 1931, they were completely anachronistic in October 1932.

The League rebuked the Japanese position by endorsing the American doctrine that

> no infringement of the territorial integrity and no change in the political independence of any member of the League brought about in disregard of Article X of the Covenant ought to be recognized as valid and effectual by members of the League of Nations.

Acting upon the advice of the Far Eastern Advisory Committee of Nineteen, the League accepted the Lytton Report *in toto*. China acquiesced in the League's decision, but Japan announced its inability to subscribe to some of the Commission's conclusions. For example:

> The military operations of the Japanese troops during the night of September 18-19 cannot be regarded as measures of legitimate self-defense.
>
> While at the origin of the state of tension, certain responsibilities would appear to be on one side and the other, no question of Chinese responsibility can arise for the development of events since September 18, 1931.
>
> Each boycott can be traced to a definite fact, event, or incident, generally of a political nature or interpreted by China as directed against her material interests or detrimental to her national prestige.

Japan thereupon turned its back upon the judgments of the League, washed its hands of the whole system of collective security, and by a sacred Imperial Rescript announced its retirement from political Geneva.

It is unnecessary to analyze and evaluate the specific recommendations of the Lytton Commission. They were honest, plausible, useful, and practical at the time of formation, but they never merited more than a limited importance. The phase of the Commission's activities which demands emphasis

is the interrelation between the League during the Manchurian crisis, and the universally damaged prestige of the international peace machinery.

1931 was a critical year from the standpoint of economic prosperity. Nations were absorbed in problems of unemployment, diminishing trade and the gold standard. No nation was big enough to tackle its problems from the standpoint of removing economic shackles from the world as a whole, but each pursued its silly little course on the absurd assumption that its economic problems could be met and solved without due regard for the international reactions of its domestic legislation. No one wanted to be annoyed with Geneva. But the Far Eastern Crisis was too serious to be ignored.

The Lytton Commission provided an excellent opportunity to procrastinate, to pass the buck, and to evade the unpleasant questions: "What are you going to do to preserve the system of collective security? Is it worth fighting for?" The men appointed to the Commission were of sterling quality, possessed with political perspicacity, and capable of discovering the best means of reconciling the differences between China and Japan. As a side-issue, they contributed conspicuously to the Sino-Japanese armistice at Shanghai before they went on to Manchuria. There they made exhaustive efforts to cover every phase of their assignment, and they phrased their recommendations with utmost consideration for the dignity, vital interests, and national honor of all the parties concerned in Manchuria. They felt constrained to pass adverse judgments upon some of the details of the activities of both the direct disputants, and they were reasonably certain that those judgments were couched in language within the acceptability of the sensitive Japanese.

The Japanese ruled otherwise. They left the Council table in a huff, and prepared to meet the responsibilities of Eastern Asia with their own resources and subject to their own limitations. *Que faire?* Once again, what should the League do

about it? Sanctions? The Covenant clearly prescribed sanctions. The Chinese wanted to appeal to the League to apply sanctions. Meetings in Nanking, some of them in the home of an American missionary, actually drew up an appeal for the Chinese Foreign Minister to telegraph to Geneva, but guarded verbal suggestions from British and American officials were adequate to postpone indefinitely the Chinese procedure. Inexpediency, helplessness, evasion. Geneva passed another resolution for non-recognition of the fruits of conquest. Instead of attempting to bring pressure upon Japan, it let Japan get away with patent and indefensible violation of the agreements for collective security; it met in repeated sessions to decide upon measures for economic cooperation with the orphan state of Manchoukuo, and adopted a laissez-faire attitude until the "sky became black with chickens coming home to roost" in 1937.

POSITIVE CONTRIBUTIONS TO CHINA OF THE INTERNATIONAL SYSTEM

To the credit of the League, mention must be made of the technical collaboration it extended to China during the reconstruction period from 1933 through 1936. Strictly speaking, these technical activities are removed from collective security. But at the same time, they strengthened the economic basis of the Chinese Government and to that extent made possible political concessions and grants of credits. Technical collaboration hastened the process of peaceful change as between China and the Western Powers; conversely, they precipitated the process of change by unilateral force as between China and Japan.

China in its search for foreign capital had always been handicapped by the provisions for security which foreign lenders had demanded. When foreign lenders took advantage of their guarantees to invoke diplomatic protection of their investments, China countered with the charge of imperialism.

Lending became extraordinarily risky and almost disappeared, until the League offered China a new instrumentality for international loans. Anyone, or any national group who might advance money through the League, could insist upon security, and remain free from the spectre of Chinese charges of imperialism.

China had to broach the question of economic and financial help from the League with very cautious and restrained overtures. China was in arrears with its dues and it was handicapped by an extremely unfavorable financial position. Still it worked out suggestions whereby it would make up the dues, if the League would in turn spend the money in China for advisers on specified reconstruction projects. China organized a National Economic Council, and the League appointed a liaison officer to coordinate the varied activities of some fifty experts who flocked to China. For three years, the Yangtze Valley buzzed with organized efforts to lift China out of its economic morass, and the League deserves a tremendous amount of credit for the financial and personal collaboration which it afforded.

Under the auspices of the Economic and Finance Section of the League, Professor Dragoni, Baron Briand-Clausen and Mr. W. K. H. Campbell, all agricultural experts of the first order, led the Chinese in a concerted attack on the problems of rural cooperatives, rural credits, land tenure and taxation, welfare centers and rural reconstruction in the areas taken over from the Communists. Professor Mari spent years in the study of China's dilapidated silk industry and he set up the experimental bases for the improvement and standardization of the Chinese output. Sir Arthur Salter investigated China's financial problems and showed to China practical steps which could be taken towards gradual and undisturbing industrialization.

Under the Communications and Transit Section, a Polish engineer conducted experiments to determine the best kind

of construction materials and processes suitable for Chinese roads. He instituted a program for the building of a network of highways which would connect important cities in seven provinces, and he laid out plans for the economic service of these communities by motor cars, trucks and passenger buses. Dutch engineers tackled the problems of water conservancy. One group concentrated on the drainage of the Hwai River, another on the periodic floods of the Yellow River, and another on the improvement of navigation of the Yangtze. Some of these experts travelled into the northwest to study the irrigation possibilities for famine-infested Suiyuan and Shensi, and others worked with Chinese graduate students in the building and operating of a first-class hydraulic laboratory in Nanking.

Under the Health Section, Dr. Borcic from Zagreb brought into existence an admirable Hospital and Central Field Health Station. This provided a headquarters for the training of Chinese doctors, for studies in epidemiology, for expansion of the quarantine service, for experiments in public health and for the education of sanitary workers who would go out into the rural areas and teach the peasants the fundamental values of "swat the fly," "boil your water," and "bury your garbage." Dr. Stampar, and others equally devoted to public service, trained Chinese who could continue the work in public health which they initiated.

Under the Bureau of Intellectual Cooperation, foreign teachers were sent into Chinese institutions and foreign educators were delegated to make a comprehensive survey for the improvement of the Chinese educational system. Chinese students and professors were provided with the means of study and observation abroad. Translating bureaus were set up and provisions were made for the interchange of the best in scientific literature which China and the West had produced.

There were indeed thorns among the roses of cooperation.

Chinese leaders were jealous of positions on the Economic Council. The Ministries of Industry and Agriculture complained that they were being neglected. Some of the "experts" were allegedly nothing more than good friends of somebody in Geneva. Many came to China filled with advice to dispense, and they could not find any one to advise. Language difficulties complicated their problems. Some growled about "inadequate" office space, and others hated the "primitive" conditions under which they were forced to work. Some charged their Chinese colleagues with insubordination and some chafed at the Oriental tendency to do nothing today which could be put off until tomorrow.

Of course the most serious thorn was the opposition of the Japanese. At first, the Japanese were silent, and content to let cooperation find its own level. But that level proved much too high for Japanese composure, so they vetoed coordination on the part of the League. They let it be understood that economic cooperation to them was a thin veil for political challenge to Japan. Not much appears of the Japanese opposition in the public records, but it is significant that Dr. Rajchman, the Liaison Officer, did not return for a second year; that the Japanese delegates to the Yosemite Conference in 1936 suggested that Japan should be consulted in the appointment of all advisers; and that the Amau doctrine specifically referred to projects, such as those conducted in the name of technical assistance.

From the point of view of peaceful change in China, the beginnings of technical collaboration with the League contained tremendous promise. There was an actual physical headquarters for economic planning. Provisions were made for the most talented Chinese to fit themselves into a particular phase of the reconstruction work. There was the means of obtaining foreign assistance, free from the allegation of imperialism. The National Economic Council formed the core, the root, to which later units could be added. And

as the work expanded, it could be expected to attract more foreign experts and more foreign capital for China's scientific development.

Paper plans had to be thrown into the wastebasket upon the outbreak of the Sino-Japanese war in 1937. Only three of the experts were left in China to carry on throughout the duration of the war. Achievements were brought to nothingness, and the buildings which sprang up with foreign help were ground to dust beneath the invader's heel. Appropriations from the League were increased in amount, but they were diverted from purposes of reconstruction to the immediate pressing need of caring for the refugees and preventing the outbreak of cholera or other epidemic diseases. The League was forced to surrender its commendable role of economic cooperation and to contribute what little it could to the humanitarian efforts of war-relief.

THE COLLAPSE OF THE PEACE STRUCTURE

When the brakes were taken off in Eastern Asia in 1931, the whole lumbering machine of international peace started on its dizzy careening course down hill. The Disarmament Conference evaporated in clouds of oratory, Mussolini sent his Fascist legions into Ethiopia, and Hitler announced the formation of his conscript army. Spain became the scene of civil war and international intrigue, German troops reoccupied the Rhineland, and the competitive race in naval armaments got under way. National economies strained after autarchy, and military necessity shot national budgets sky-high. Every little incident grew into a question of honor, propaganda machines extolled friends and damned enemies, nerves became tense, and war awaited its time and opportunity. Germany took over Czechoslovakia, Italy invaded Albania, and Jewish families got out of Poland, Hungary and southeastern Europe as fast as they could obtain visas for the United States or some other haven. Japanese planes continued

to rain death upon helpless civilians. In the midst of circumstances like these, Geneva was expected to uphold the traditions of peace.

China's representative at Geneva, Mr. Wellington Koo, was a most distinguished orator and he utilized every opportunity to present appeals for international aid to his suffering country. Immediately after the outbreak of hostilities he appealed to the League on the basis of Articles X (guarantee territorial integrity), XI (safeguard interests in war or threat of war), XV (utilize conciliatory procedures) and XVII (put sanctions against non-member of League if non-member refuses Council's invitation to conciliate). He accused Japan of violating the Covenant of the League, the Pact of Paris, the Nine Power Treaty, every tenet of international law and every contractual obligation. On repeated occasions, he submitted documentation for his charges that Japan was guilty of indiscriminate bombing, wholesale raping and looting, using poison gas, shelling Red Cross units, destroying cultural institutions, declaring an illegal blockade, smuggling drugs and narcotics, stirring up strife through its special service ronins, conducting political intrigues and setting up puppet regimes, and infringing upon the integrity of the Maritime Customs. Mr. Koo's speeches were masterpieces in English composition and he always delivered them with telling force, studied calmness, and scholarly restraint. He asked the League to "rise to prompt and energetic action" and to "terminate the conflict in Asia if you want peace in Europe." Just after the horrible bombings of Canton, he appealed "on humanitarian grounds if on no other to take such urgent and effective measures as will make Japan cease the wholesale slaughter of human beings by aerial bombardment." He suggested that neutral observers be sent to the front to corroborate the reports of illegal practices, and more than anything else he begged that the League implement its resolutions, provide China with financial and material aid, and set up a coordina-

tion committee for the control of an embargo on arms, munitions, implements of warfare, credits, and essential raw materials for Japan. Half in bitterness and half in dejection, he asked the assembled delegates, "By refusing aid to China do you mean she should cease to resist aggression or that she should resist indefinitely with inadequate means?"

The delegates to the League were not exactly deaf nor completely powerless because they passed some resolutions, whose value would depend entirely upon the intentions of the nations who would be called upon to enforce them. The League condemned aerial bombardments "which have aroused horror and indignation throughout the world," and without accepting Chinese evidence with regard to poison gas, recalled that toxic gases were outlawed as weapons of war.

In October 1937 the League adopted a report which was intended to guide the member states in their relations with China and Japan during the hostilities. This report said:

> Military operations carried on by Japan against China are out of all proportion to the incident which occasioned the conflict. Such action cannot possibly facilitate and promote friendly cooperation between two nations. It can be justified neither on the basis of existing legal instruments nor on that of the right of self-defense. It is in contravention of Japan's obligations under the Nine Power Treaty and the Pact of Paris.

The report refused to admit that the controversy should only be settled by direct methods between the governments of Japan and China and recommended that all appropriate means for the restoration of peace in accordance with the principles of the Covenant should be examined. The Powers which signed the Nine Power Treaty should meet for full and frank communication, and pending this action

> the Assembly should express its moral support for China and recommend that the members of the League should refrain from taking action which might have the effect of weakening China's

power of resistance and thus of increasing her difficulties in the present conflict, and should consider how far they can individually extend aid to China.

Poor old collective security was torn to shreds by this innocuous document. Nothing to say of the indivisibility of peace, nothing of coordinated sanctions, only an individual consideration of how far each Power can extend aid. But the proviso for full and frank communication under the Nine Power Pact led to a fruitless Conference at Brussels during November and December 1937.

Most of the nineteen Powers assembled at Brussels and launched upon an optimistic program of conciliation. Italy warned from the beginning:

> However amiable may be the method and the means employed the Conference can only end in platonic resolutions and fresh proof of sterility if the realities of the situation are taken into account. . . . All we can do is to try to bring the parties into direct contact with each other, after which we have nothing further to do.

The Conference followed the suggestion of the Italian delegate and invited Japan a second time to present its case to a small selected group of mediators. Japan curtly replied that its action in China was based on self-defense, was without the scope of the Nine Power Treaty, and therefore left no room for discussion of its application. Japan argued that a conference would only arouse popular feelings and would hinder a satisfactory solution. Moreover, the Brussels Conference was linked with the League of Nations, which "had expressed views casting reflections upon the honor of Japan and had taken sides with China."

It is impossible to mediate a conflict when one of the disputants refuses to participate in the mediation. Unabashed but rather crestfallen, the Conference declared that if the

nations were left to iron out their own differences hostilities would continue indefinitely. Therefore, the Conference must consider a common attitude for the restoration of peace because

> hostilities have brought to some nationals of third countries death, to some great peril, to property widespread destruction, to international communications disruption, to international trade disturbance and loss, and to the people of all nations a sense of horror and indignation, to all the world feelings of uncertainty and apprehension.

Then the Conference included in its declaration a paragraph which is extremely pertinent and filled with meaning:

> Japan says that it used armed force in China to make China renounce her present policy. There is no warrant in law for the use of armed force by any country for the purpose of intervening in the internal regime of another country. The recognition of such a right would be a permanent cause of conflict.

Mr. Koo pressed for positive action, but the vicissitudes of international life soon made it clear that the Powers most concerned were reluctant to take any effective course of action, on the professed ground of powerlessness in the face of an apathetic public opinion or of helplessness in the absence of international solidarity. Therefore the delegates to the Brussels Conference reaffirmed their devotion to the principles of the Nine Power Pact, urged suspension of hostilities, hoped that no possible step to settle the conflict would be overlooked or omitted and adjourned to meet again whenever the chairman or any two members should consider its deliberations could be advantageously resumed.

The scene of action on the collective security front shifted back to Geneva, but the transfers in locality added no strength or vigor to the vapid resolutions of the League. The

Council, in February 1938, deplored the deterioration in the situation and expressed its confidence that

> those states represented on the Council for whom the situation is of special interest will lose no opportunity of examining, in consultation with other similarly interested Powers, the feasibility of further steps which may contribute to a just settlement of the conflict in the Far East.

In May it repeated its sympathy for China and urged the Members of the League to do their utmost to give effect to previous resolutions. By September, the Council agreed to invite the Imperial Government of Japan to accept the obligations of a member state as provided in Article XVII of the Covenant. Japan immediately sent regrets and the Council seemed obliged to decree sanctions according to the letter of the law. Instead, the Council adopted a report that "members of the League are entitled to adopt individually the measures provided for in Article XVI, but as regards coordinated action in carrying out such measures . . . all elements of cooperation which are necessary are not yet assured."

The Council seemed to try to cover its own shame at this separation of "collective" from "collective security" by adding:

> Although the coordination of the measures that have been, or may be, taken by governments cannot yet be considered, the fact none the less remains that China in her heroic struggle against the invader has a right to the sympathy and aid of other members of the League. The grave international tension that has developed in another part of the world cannot make them forget either the suffering of the Chinese people, their duty of doing nothing that might weaken China's power of resistance, or their undertaking to consider how far they can individually extend aid to China.

When the crisis in Czechoslovakia had been eased over the Council was still reluctant to commit itself to anything imply-

ing specific obligations. It merely resolved at its opening session in 1939 to

> invite the members of the League, particularly those directly concerned in the Far East, to examine in consultation should this appear appropriate with other similarly interested powers, the proposals of the representative of China for the taking of effective measures, especially measures to aid China.

The delegates at Geneva were constrained to tune their decisions to policies emanating from their national capitals. Geneva itself represented only one side of the world's arguments because the aggressors and their partisans had pulled up their stakes in Geneva. Japan even announced the termination of its technical cooperation with the organs of the League after the adoption of the Council's report permitting individual sanctions. Collective security had become "half collective and no security" or merely "selective security." The ardor of the guarantors in favor of China reflected the confidence which they had in their international position at home. Great Britain was most insecure, and insisted that the Council should extract the last remaining molars in Articles X and XVI. It advocated the elimination of the automatic operation of sanctions and the substitution of regulations which would permit each nation to judge each case on its own merits. France associated itself with the British position and many of the smaller nations naturally fell in line. The Russian delegates were consistently critical of the League's hesitancy and wanted the League resolutely to fulfill its whole duty. On different occasions the Russians defined their position as follows:

> The best way to avoid temptation is to yield to it, but not to aggression. We will get the absentees back into the League only by restoration of self-respect, by collectively repelling the aggressor and by collectively defending peace.

The aggressor should be met with the programme laid down by the League Covenant, resolutely, consistently and without hesitation. The Soviet has no part in the policy of granting bonuses for sabre rattling and recourse to arms. Success in the armaments race is open only now to the Great Powers while the smaller states will have nothing left but to prepare for suicide, chloroforming themselves as a preliminary with the new narcotic —neutrality.

In 1939 the Russian delegate, Mr. Souritz, declared:

> Our own desire was that the resolution should be more concrete and more in accordance with the seriousness of the situation created by the action of the aggressor. This is not an occasion for expressing abstract views voicing platonic hopes or making Utopian plans.

New Zealand associated itself with this position and it can be taken for granted that public opinion in liberal circles throughout the world would have applauded if these positive sentiments could have been echoed in the resolutions of the League and enforced by the government in power in each of the member states. But the fact is the League did not prove itself equal to the challenge from Eastern Asia, still less able to cope with the dynamic forces in Central Europe, and by 1940 the collective security system was writhing in the spasmodic twitching pains of complete collapse.

It is clear that with regard to China the League did nothing more than pass a few platonic resolutions which remained a dead letter so far as restraining the aggressor or rendering aid to China is concerned. It contributed nothing towards re-establishing confidence in the established principles of international law and morality.

During these years of travail, international procedures suffered from camouflage and evasion. They were resorted to for inconsequential differences of facts or opinions, and their decisions were often ignored or discarded. Treaties did not

command the respect they require, and there was no such thing as equal protection before the Law of Nations. Disorder spread and it was not the fault of the established machinery. Not many years ago, some reformers preached amendments or additions to the Covenant as the means of achieving greater security. They ridiculed the organization as a "group of old men trying to form a bucket brigade to put out a raging fire."

But now opinion has changed, or rather it has matured. It accepts the premise of the indivisibility of peace. (He who imagines that a flood of aggression and deluge of unreason could be held in water-tight compartments is living in a fool's paradise.) It follows that the effectiveness of the League or any other system of collective security depends upon one indispensable condition: that its members remain whole-heartedly loyal to its ideals and always be prepared to live up to the obligations of membership.

The League is a human institution and can never be better than the human beings and the nations which compose it. It can not be expected to operate efficiently in an atmosphere of distrust and recrimination, where psychological strains and emotional prejudices accompany the interplay of national interests. The truth is that considerations of national interest were too often allowed to prevail over the wisdom and importance of upholding the international cause.

No international cause can be sustained if the parties to a controversy fall back on absolute sovereignty, national honor, or vital interests as excuses for refusing to submit to third party conciliation. Treaties are negotiated in times of peace to anticipate and avoid the stresses of negotiation under crisis conditions. Yet when the crisis comes, and the treaties are needed most, they are tossed into the wastebasket.

When the machinery of collective security was established, it seemed adequate. It was conceived and constructed with the most praiseworthy intentions, but it was wrecked, or at

least seriously crippled, by the intense struggles between the nations which disregarded their own creation. No machine is completely automatic. The efficiency of any machine is dependent upon the skill and the guiding power of the operator. With the machine of collective security, sovereign nations are the operators. The machine will produce better results in the international sphere only with an improbable elevation of standards in the behavior of the nations themselves. The faults are not with the machine. They are with the directing forces which operate it.

Collective security and peaceful change both ran afoul of power politics. Bilateral, regional or general pacts contained no vitality or no energy apart from that which Great Britain, Russia, France or some one else breathed into their souls. When the necessities of appeasement, or encirclement, or whatever you called it demanded that diplomacy be conducted behind the closed doors of Number Ten, Downing Street, or Munich or Berchtesgaden, rather than in the conference halls of Geneva, it was quite beside the point to blame Geneva for failing to take a stronger stand. The Council worded resolutions in accordance with instructions which each Council member received from his own particular Foreign Office. It was not the League which collapsed. It was not the idea of collective security which had been discredited. It was rather the nations who rejected, scorned, betrayed or deserted the institution and its ideals, and who neglected their opportunity to implement their most vital interest which still is and must remain the creation and operation of orderly processes for the benefit of all mankind.

CHAPTER SIX

Effects of the European War in Eastern Asia

THE RUSSO-GERMAN NON-AGGRESSION PACT of August 24, 1939, electrified the casual annalists of the diplomatic scene in Western Europe, but it created less than a minor sensation to the students of the complicated international relations of Eastern Asia. In that part of the world, Germany and Russia are side-issues in the titanic struggle between Japan and China. Consequently, their alternate spats and flirtations cause lesser ripples on the surface of Oriental affairs.

THE DIPLOMATIC SETTING IN AUGUST, 1939

Review the high-lights of the Oriental diplomatic situation on the eve of the Russo-German rapprochement. As Japan and China entered the third year of their open hostilities, they seemed to be a part of a general world conflict between the totalitarian states and the great democracies. Germany, Japan and Italy then constituted a generally accepted unholy trinity of aggression. Austria, Czechoslovakia, Ethiopia, Albania and China were thought of as the unfortunate victims. The great democracies—France and England—were considered to be enduring their humiliations, waiting for an opportune time to halt the aggressors. The United States was on the fence, definitely leaning towards the democracies, but stubbornly refusing to commit itself beyond the obligations

of moral disapproval. The Soviet Union posed as the great champion of collective security. Litvinov became the lion of the League of Nations and preached the doctrine of the indivisibility of peace.

The Fascist Triplice was linked in the Anti-Comintern Pact. Germany and Italy disturbed the status quo in Europe, and Japan cracked down on the Western Powers and their interests in China. Coordinated deviltry was the order of the day. Munich monopolized the attention of the British-French united front, and the Tientsin incident mocked the power of the strongest navy in the world. Germany, Italy and Japan talked a lot about the glory of war. But they stopped short of actual war, and capitalized on the tremendous nuisance value of their synchronized pin-pricking.

Before the last week in August, the position of Russia in Asia seemed reasonably clear. Russia was friendly to China. It had negotiated a trade agreement, had entered into a non-aggression pact with China, and had agreed to send material supplies to the struggling forces of Chiang Kai-shek. Russian military advisers flocked to Chungking, and Russian airplanes were in combat service against the Japanese.

Russia was definitely at outs with Japan. Japan despised the traditional Communism of the Soviet Union and fulminated against the Russian practice of sending help to China. Russia defied Japan on the Manchuria-Mongolia border and resisted the Japanese attempt to penetrate into Mongolian territory beyond the Khinghan mountains. Tanks, airplanes, field guns, and mounted troops of the two nations battled under the blazing sun. Russians reported fantastic victories; Japanese replied with glowing accounts of their own successes. Nobody knew how much fighting was going on, and nobody knew exactly who was winning. But everybody agreed that a war was in progress.

Russia and Japan were embittered by the perennial arguments about the fisheries and the oil concessions on the

northern half of the island of Sakhalin. Russia progressively limited the area of the Japanese fishing lots, and threatened to replace Japanese leadership in the fishing industry off the Siberian coast. Russia chased the Japanese further afield until they encroached on the American-Canadian preserves of Alaskan salmon. The Russians accused the Japanese of bad faith in Manchuria, particularly in attempting to dodge the last payment on the Chinese Eastern Railway. Notes of protest buzzed from Tokyo to Moscow and return. Tempers flashed, editorials raged, and Russia and Japan seemed on the verge of war.

Germany had descended into an equivocal status in Eastern Asia. Germany had enjoyed a magistral position in China as long as the barter arrangements brought economic prosperity to both countries, and as long as the German officers trained the cohorts of Chiang Kai-shek in the arts of modern warfare. Germany had accepted China as an equal, and had staked its chance for leadership in Eastern Asia upon an outspoken championship of the cause of China. Then things began to happen. In 1937, Germany switched its affections to Japan and left China out in the cold. China resented the German desertion, and identified its cause with the cause of democracies in general.

Germany seemed to have won the affection of Japan by its change of heart. The Germans looked to the army of Japan as a partner in a possible conflict with Russia. Let the Russian bear growl across the Polish border, and Japan could royally twist his Siberian tail. German trade with Japan increased by leaps and bounds. Germans bought soya-beans from Japan-controlled Manchoukuo and exported machinery and war supplies to the Japanese mainland. German culture missions visited Japan. The North German Lloyd steamship company advertised cheap vacations in beauteous Japan. The Henckel cutlery twins featured boy scout knives with the handles adorned by the swastika and the rising sun. Newspapers co-

operated in mutual adoration. A Japanese delegate to the scheduled Peace Conference at Nuremberg departed with gifts for Hitler. The Japanese Ambassador was the most assiduously courted diplomat in the German capital.

Britain and France, and to a lesser degree the United States, in Eastern Asia were looked upon by Japan as the real enemies of the Japanese program. They were considered as the arsenal for the harassed forces of Chiang. In Japanese accounts, China was beaten and would have surrendered long ago had it not been for the encouragement received from the Western democracies. The Japanese military leaders explained very carefully to their own people that the second-rate power of China could never have held out so stubbornly against the superior might of the Japanese forces. It was soul-comforting and face-saving to preach, and to believe, that Japan was thwarted by the combination of the three strongest (to say nothing of Russia) nations in the world. In Japanese eyes, Japan alone was fighting to establish peace, stability and the New Order in Eastern Asia. The Western Powers refused to cooperate, and resisted defiantly the Japanese program.

Japan was determined. It had staked its existence on the success of its China policy. First it must overcome the anti-Japanism of the Kuomintang, and then it must oust the Western allies from their concessions and their privileged positions on Chinese soil.

Japan singled out Great Britain as the particular butt of its antagonism in the summer of 1939. Great Britain was blackened as the pillar of the Chinese temple and as the fiendish enemy of the New Order. Britain was challenged throughout the whole of North China, and crowds demonstrated against the British in the streets of Tokyo. Japan spread anti-British doctrines, and incited the Chinese coolies to the point of violence against the persons of any hapless British subjects who happened to be caught out in the streets.

These demonstrations were particularly distasteful because

of British preoccupation with Hitler in Europe. The Prime Minister's blood boiled, but he still could not send the British fleet to take care of the "preposterous" Japanese. Herr Goebbels had an hilarious time writing ridiculuous articles about the discomfiture of John Bull. Japan and Germany were enjoying huge jokes at the expense of Britain and Asia. France counselled firmness, the United States manifested friendliness by announcing the termination of the Japan-American Commercial Treaty, but the British were constrained to bear the brunt of the Japanese attack.

Pessimists believed that Tientsin was merely a prelude to a Japanese attack on the rich British stake in Shanghai. Possibly against Hongkong. Possibly even against Singapore, British Malaysia or the British interests in the Dutch East Indies. If the Japanese could get away with abuse of the British in Tientsin, they might be encouraged to take over the International Settlement in Shanghai and the crown colony of Hongkong. These were dark days for the British in Eastern Asia. And the Japanese were not inclined to be conciliatory, or even receptive of the British diplomatic protests.

EFFECTS OF EUROPEAN DEVELOPMENTS IN CHINA

Into this diplomatic setting, the Pact between Germany and Russia cast its ominous shadows. The Chinese were unruffled. This would probably mean the end of British support for Chinese currency, and the stoppage of military supplies from Indo-China and Burma. Britain and France could not replenish the ammunition stores of China when they would need every gun and every bullet they could manufacture for use on the Western Front. The Pact might also mean the end of support from Russia. This support had always been paid for in cash, but nevertheless it had been welcome. Still, China had been used as a political football on many previous occasions. It was no new experience to be ignored. Perhaps China could still look to the United States for help. But even there

it had to face the cruel knowledge that the United States, while protesting its friendship for China, was the chief supplier for the Japanese sinews of war. Comforting words were of little value as long as a continuous stream of tankers and freighters from Los Angeles dumped cargoes of oil, cotton, scrap iron, steel, copper, and machines on the docks at Kobe and Yokohama.

The Russo-German Pact provided a significant stimulus for the Chinese protagonists of peace with Japan. The followers of Wang Ching-wei preached that China was completely deserted. There remained no alternative to honorable terms with Japan. It was rumored that the French encouraged a compromise between China and Japan. Peace in Asia—any kind of peace, even at the expense of China—would guarantee the preservation of Western investments and enable the French and British Allies to concentrate on Germany and Russia in Europe.

Chungking became the deserted city. No one remained to encourage the Chinese Government except stubborn diplomats from the United States and Russia. Extremely paradoxical, this situation. Americans and Russians, capitalists and Communists, cooperating to encourage the regime of Chiang Kai-shek, which had always relied upon the financial support of the Shanghai bankers and all they represented. On the other hand, French and British seemed to favor a Sino-Japanese compromise, to support, if necessary, the puppet-pretender Wang Ching-wei, and perhaps to encourage a reunion between Wang and Chiang.

The spectacular military success of the Germans in the Blitzkrieg in Scandinavia, the Low Countries and France could make little difference to China. It complicated Chinese problems by its indirect influence on the aggressive policies of Japan. As "force" seemed to pay in Europe, it promised added dividends in Asia. As Japan endeavored to apply greater and greater force in China, it encountered more heroic

resistance from China's masses. Guerillas redoubled their efforts, secret societies boasted that twenty million members carried on their campaigns of passive resistance, while terrorists and bandits turned against those who would surrender to the invading conqueror. The Government itself negotiated new and more extensive trade agreements with Russia, it erased every possible source of friction with the United States, it kept the way clear for further American loans, and it carefully avoided a complete slamming of the door of cooperation in the face of Germany. Although Germany seemed wholeheartedly in the camp of Japan, nevertheless Chungking reasoned that Germany was not fighting a battle for Japan, but rather for Germany. Sometime Chungking might be able to use Germany for its own anti-Japan purposes.

Chiang Kai-shek continued the correct show of adamant hostility to Japan and to its puppet Wang Ching-wei in Nanking. The peace party in Chungking remained in silent minority, while the missionaries flooded the United States with glowing accounts of the heroism of Free China. But as military and economic obstacles continued to mount before the Chinese Central Government, Chiang simply had to think in terms of alternatives. What if his ability to sacrifice and to absorb punishment should come to an end? Confucius himself had said that one idea was never enough, that a man should have two ideas, in case one failed. Chiang's second idea —his alternative to perpetual warfare against Japan—was reconciliation with Wang Ching-wei and, through him, with Japan. It would seem peculiar, even fantastic, to think of Wang and Chiang now cooperating with their former enemy, Japan. But stranger things than this have happened in the realm of international relations. Britain, France and the United States would undoubtedly prefer to have Chiang continue his resistance against Japan. But they appreciate the realism in the argument that they should encourage a compromise between China and Japan, and remain silent while

Japan endeavors to engineer a new pro-Japanese clique which would turn against the Chinese Communists as the inevitable scapegoats. Rumors of rifts between Chiang and the Communists are doubly serious because they foreshadow these basic developments in the relations between China and Japan.

Chiang may still resort to an extreme alternative. Deserted by the "democracies," who could blame him if he should turn to the Russo-German combination to help him in the struggle against Japan? Chinese politics are extremely tortuous. In this hour of travail, Chiang can scarcely be expected to carry on alone against the aggressions of Japan. His choices for help are extremely limited. Either the United States will have to put up or shut up, or Chiang is likely to be obliged to choose between a temporary compromise with Japan (which will undoubtedly cost him his own job in the interest of national recovery) and a sell-out to the Communazi alliance. Chiang might accept the German vision of a German-Russian-Japanese-Chinese agreement as a basis for a new status quo in Eastern Asia.

And incidentally, every one of the above rationalizations would have to be cast into the wastebasket if the British and the Germans should decide that Russia was their real enemy. Then the enemies of 1940 would have to bury their differences and adopt Mussolini's pet idea of a four-Power combination of Germany, Italy, France and Great Britain. These four Powers in concert would then concentrate on the reduction or abolition of the Russian menace. In that event, almost anything could happen to China's policy.

EFFECTS OF EUROPEAN DEVELOPMENTS UPON JAPAN

Although China's unfortunate diplomatic position was complicated by the Russo-German agreement, Japanese midsummer buoyancy in 1939 was completely dissipated by Russo-German arrangement. Japan pulled in its international horns posthaste and quickly scuttled its obligations in Europe.

At the time of the Munich Conference, Japan had assured Germany that it would come to Germany's aid if the "Russians would try to penetrate into Central Europe by way of their Communist puppet in Czechoslovakia." But after the consummation of the Russo-German Pact, Japan's love for Germany wilted like a frost-bitten blossom. Japan hastened to proclaim its neutrality with regard to any war in Europe and to readjust its government personnel. Japan was afraid that the British-French combination could overpower even the German-Russian allies, and Japan did not care to passenger on a sinking ship.

As long as Baron Hiranuma was Prime Minister, he had paid an attentive ear to those positivists within Japan who wanted an out-and-out military alliance between Japan and Germany. Pro-German politicians had occupied the key diplomatic posts in Europe. Ambassadors Shiratori in Italy and Oshima in Berlin had been the leading advocates of the anti-Comintern alliance. But early in September 1939, they were hastily recalled.

Prime Minister Hiranuma resigned, and General Abe was put in power simply because he was not identified with any line of policy. He was neutral. He could be retained only as long as Japan remained undecided whether to lean towards the camp of the democracies or towards the camp of the Russo-Germans. General Abe named Admiral Nomura as his foreign minister. Nomura's appointment foreshadowed closer relations between Japan and the United States. Japanese periodicals intimated that the colorless Abe had been chosen as Prime Minister for one single purpose: the conclusion of a new commercial treaty between Japan and the United States. His cabinet could be expected to resign with the completion of that ticklish negotiation.

Japan also shook up its military command in China. The cabinet announced the end of the military phase of the China campaign and the concentration on the establishment of a

strong central government. This meant no more costly advances for Japanese soldiers into exposed positions, except in accord with an admitted major purpose of creating and supporting the power of the new puppet Wang Ching-wei. An official statement of policy repeated the Japanese promise of respecting the rights of third parties in China and denied the existence of any Japanese territorial ambitions. Diplomatic relations with third parties would be entirely subordinate to the supreme consideration of a speedy liquidation of the China affair.

The foreign policy of Japan during the administration of Prime Minister Abe—after the outbreak of the European war, but before the German victories over the British and French —proceeded from this clear division of all problems of foreign relations into two categories: those concerning China, and those concerning Japan's position in the world. With regard to China, there was no possible compromise in objectives. Japan must be secure in Eastern Asia, and must "guide" China in contributing to that security. Japan was just as determined to exercise its will in China as it had been before the outbreak of the war in Europe. With regard to this major end of Japanese policy, the Russo-German Pact exerted no appreciable influence.

But the Pact forced Japan to seek new realignments and new friendships to protect its own position in solving the problems which extend beyond the confines of Eastern Asia. Japan wanted friends, just as other nations want friends. But it was undecided whether to make its peace with Russia in accordance with its former friendship with Germany, or whether to turn its back on the Russo-German combination and ask for admission into the good graces of England, France and inferentially the United States. Japan was not sure which course to follow. So Japan played its cards skillfully. It protested limited friendship with everybody, and watched the progress of events in Europe. It preserved neutrality. But it

stood ready to cast in its lot with Germany and Russia if they should appear to be winning, or to turn completely to the Allies, if this action should seem advisable. Note how Japan alternated its affections and quarrels with both groups of belligerents.

With regard to Germany, Japan turned its back immediately upon the preferred position of its former partner. Japan abolished the exemptions which the Germans had enjoyed in China. During the summer of 1939 Germans had been able to walk through the Tientsin barriers without molestation. After September, the Germans were just as likely to be halted and slapped as the British. German trade with Japan fell off. German ships in Japanese ports were told that they would be treated as neutrals, and would have to head for the open sea and take their chances with the British destroyers. The Japanese peace mission to Germany was recalled and when Mr. Fujiwara returned, he brought back with him the presents he had expected to bestow upon the German Führer. Negotiations looking to the conversion of the anti-Comintern pact into a military alliance were abruptly halted.

The Germans strove desperately to persuade the Japanese that their real enemies were the British and not the Russians. The Germans insisted that the German-Russian Pact was merely an acceptance of Russia into the anti-Comintern coalition, and that Japan had everything to gain by an anti-British German-Russian-Japanese tripartite accord. Germany wanted Japan and Russia to bury the hatchet and cooperate in the peaceful development of the resources of Eastern Asia. But Japan insisted that it must be a free agent, and that if it chose to come to terms with Russia, this would have to be the result of Japanese judgment and not of German prodding.

Japan hastened to conclude an armistice with Russia. Japan's immediate reaction to the announcement of the Russo-German Pact was that the Pact was a device which

would enable Stalin to assume a passive role in Europe and divert greater military strength against the Japanese in Asia. Japan could not have foreseen the dissipation of Russian energies in Poland, the three Baltic states, and Finland and the Balkans. Consequently, Japan feared the concentration of Russian power on the Mongolian-Manchurian border. Rather than risk a total war against Russia, at the same time it was embroiled against England, France and the United States in China, Japan chose to abandon its picayunish skirmishes on the Russian border.

Japanese and Russian generals concluded a truce at Nomunhan, the point of contact between the warring armies on the Manchurian frontier. The Foreign Offices of Russia and Japan then agreed to a conference to settle all the perplexing boundary disputes. The conference met at Chita, and it was attended by equal numbers of Japanese and Russian delegates. The Japanese had hoped for the inclusion of a dummy delegation from Manchoukuo, in order to give their side a voting preponderance. But Russia refused. And Russia, as the host power at Chita, automatically had the chairmanship of the conference, which meant that in the event of a tie vote the chairman's vote was decisive. Since the problem of fixing the frontier line was a problem of political bargaining rather than geographic exploring, this voting predominance was vital. Japan was jittery about the prospect of an aggressive Russian Asiatic policy, or it never would have surrendered its traditional insistence upon a three-party (Japan-Manchoukuo-Russia) boundary commission. The boundary conference wined and dined for nearly a year at Russian expense, and then adjourned to the field in order to translate their decisions into actual and effective boundary markers.

Japan also signified its willingness to compromise with Russia, on better than Russian terms, the issues of the fisheries, the payments on the Chinese Eastern Railway, and the petroleum concession in Northern Sakhalin.

Russia pressed for the conclusion of a new commercial accord. Russia's trade with Japan never amounted to very much. But Russia realized that Japan's capacity to produce consumers' goods could be an inestimable boon for those long lines of peasants who have the rubles but have no place to spend them. Russia could profitably invite the import of the trinkets and cheap manufactured goods in which the Japanese excel. While other countries resented the "unfair competition" of the Japanese, Russia could afford to encourage expanding imports of those little things which mean so much in terms of human delight. Russia has been straining its heart out to produce lathes, machine tools, tractors, steel, and power plants. But these things, though vital to the life of the nation, are unromantic and without human appeal to carefree and gay Slavic individuals. Russia could well look to Japan for toys, pretty clothes, kitchen ware, novelties and miscellaneous knickknacks while Russia itself could continue to concentrate on producers' goods and machinery.

Russia's propositions sounded good in Japan. Japan saw in a new commercial accord an opportunity to expand its own neglected peacetime industrial plant. Japan hoped for a favored role in the development of the huge Siberian material reserves. Japan believed that Russian education and personnel were insufficient to tackle alone the jobs of building and putting into operation the blast furnaces, the railways, the dams and reservoirs of the gigantic river systems, the arsenals, and the mills and factories which were planned for the Siberian El Dorado. Therefore, Japan hoped that through commercial peace Japan would receive the same requests for experts and advisers from Russia in Asia which Germany anticipated from Russia in Europe.

Russia suggested a non-aggression pact to accompany the commercial agreement. Japan preferred to limit itself to commerce, to barter if necessary, in order to increase the mutual profits which would certainly accrue from expanding trade.

Russia protested its friendly political intentions towards Japanese territory in Asia, but Japan feared that Russia would ignore its paper obligations and march through Manchuria on the way to Darien in the same ruthless way it penetrated into the little countries on the Baltic Sea. Many Japanese argued that a non-aggression pact with Russia would be expedient. These men insisted that there could be no harm in more paper friendship, particularly if Japan were careful to keep its powder dry.

Other Japanese abhorred the idea of patching their quarrels with their overbearing Communist neighbor. They pointed to the continued Communist manifestoes, which repeated the ancient Russian formula of destroying every manifestation of capitalism wherever it is found. These Japanese feared Stalin's game of keeping the Great Powers embroiled, of encouraging wars leading to mutual destruction, and of stripping advantages from helpless victims. They feared the Russian dominance of Outer Mongolia, they shrank before the prospect of continued Russian subsidy to the Communists in China, and they saw in Russia, working perhaps through the Communists or through the Kuomintang of Chiang Kai-shek, their only formidable rival for the mastery of China. These hard-boiled realists in Japan advised no political agreement with Russia unless and until Russia demonstrated complete cessation of encouragement, supplies and ambitions in China.

By way of summary of Japanese relations with Germany and Russia after the conclusion of the Russo-German Pact, Japan sat on the diplomatic fence until the successes of the Axis Powers and their allies in the Blitzkrieg of 1940. Japan displayed a friendly front to its Slavic neighbor, and emphasized to Germany and Russia what a wonderful advantage it would be to have the mighty Japanese fleet drive British shipping from Asiatic waters. But in spite of persistent German urging, Japan hesitated to go the whole way in concluding political peace with Russia on account of the

unpalatable elements in the policies of Communism. German victories proved extremely persuasive, so Japan played the Axis game in Asia as long as it worked so beautifully in Europe. Japan kept its observers in Europe, sent appropriate congratulatory telegrams to Hitler and Mussolini, and sought to turn their victories to its own account.

Japan proved equally elusive in its relations with the Allies. But this indecision, or ambiguity, was the essence of astute diplomacy. "Keep them guessing" is also a good rule in international relations.

Japan scrambled out of its one-sided obligations to Germany, but it refused to scramble into one-sided obligations with Great Britain. In other words, Japan did not want to line up on anybody's side—yet. A war of Germany and Russia against Great Britain and France promised to be a drawn-out toss-up affair, and Japan did not care to risk picking the winner before the actual fighting began. Besides, there was no necessity for an early decision. Mark time, flirt with both sides, keep enough arguments with both sides to let them know that you can't be had for a song and that you mean to receive payment in kind for services rendered—these were the cardinal maxims of Japanese diplomacy. Japan had its own designs in Eastern Asia, and it must make its decisions in Europe with prime consideration for the effect of these decisions on its position in its own part of the world. Eventually, it would express its approbation for one of the belligerents, but only when it was reasonably certain that its choice would be the victor. And therefore the victor could be expected to grant a reward to "friendly" Japan.

At the outbreak of the war in Europe, Japan was in the midst of its anti-British campaign in China. Japan did not want to give Germany the pleasure of an intensified program against an embarrassed John Bull, and at the same time the Japanese did not want to abandon too abruptly a course of action which had come dangerously close to a "point of

honor." The logical thing seemed to be a gradual return to normal relations with Britain in China. Nature came to Japan's aid by completely drowning the Tientsin Concession in a disastrous flood. The flood waters also buried the element of urgency in the arguments between England and Japan.

Within a month after the Russo-German Pact, Japanese diplomacy had achieved the status it desired. Nominal friendships with all, special favors to none. But Japanese kept their eyes and ears open, ready to take advantage of any break in their own favor. The Government still indulged in tall talk against Great Britain. One private organization, in which prominent Japanese were interested, aired its opinion that Japan should exercise forthwith its geographic and racial rights in the East Indies. The organization, the Institute of the Pacific (not to be confused with the Institute of Pacific Relations), pointed out that the European Powers snatched these colonies while Japan was idling in self-imposed isolation. The occasion seemed propitious to snatch the Indies while Britain was helplessly involved in Europe. Hongkong could be reduced and every other obstacle could be overcome in establishing the necessary Japanese life-line to the South. It is unfair to attribute these same sentiments to government officials, but it is appropriate to mention that these written articles escaped the scissors of the all-seeing Japanese censor.

Japan has always tempered its dislike toward Great Britain with its appreciation of British wealth and power. Japan also believes that the United States is hand in glove with Great Britain. Therefore Japan has had to regulate its relations with Great Britain and France in accordance with the requirements of its American policy.

Before Mr. Grew told the Japan-American Society in Tokyo on October 19, 1939, straight "from the horse's mouth," that Americans did understand Japan's policy in China, and did feel indignant about Japan's deliberate violation of American rights, the Japanese had tended to delude themselves into

believing that the Americans were tolerant of Japan's activities in Eastern Asia. Japan inferred tacit approval in the extent and quality of Japan-American trade. Japan purchased habitually sixty percent of its war supplies from the United States. Japan relied upon pressure from American commercial interests to silence the moral objections of outraged Americans who possessed no material or individual stake in Eastern Asia.

Still there were elements in America's attitude toward Japan which were disturbing and even alarming. The huge expenditures on the navy were defensive to the United States, but decidedly "offensive" in the eyes of Japan. A billion dollars or more per year seemed necessary to the United States, but ridiculous and menacing to Japan. Japan believed that the American navy was being strengthened for possible use in the neighborhood of the Philippines and China.

Japan would prefer American withdrawal from the Philippines. It had never said so, in so many words. That would constitute *lèse-majesté*. But Japan could never hope to bridge the gap between Formosa and Borneo as long as the United States maintained its territorial rights in the Philippines. Japan could not accept American statements about disinterested altruism in Asia as long as the United States should withhold complete independence from its island possessions.

Japan had always chafed at the American sympathy for Chiang Kai-shek. Japan had interpreted American protests against property spoliations by the Japanese military as evidences of support for China. Japan had noted American loans to China, and the financing of the American airplane factory near the Burma border. Japan had read the unmistakable editorials in American papers and had tuned in on many of the bitter anti-Japanese speeches broadcast by Americans of position and importance.

Japan had chosen to ignore these signs. Japan hoped for capital help in the ultimate development of China; Japan

feared only the power of the American navy in the Orient; and Japan found in the United States its greatest market and source of raw materials. Japan was content as long as the Americans talked and did nothing about it.

Then, the American action in terminating on January 26, 1940, the most-favored-nation commercial treaty set in motion a new chain of circumstances which accelerated the drift in Japanese policy away from Germany and Russia and toward the Allies. Japan faced a boycott on its sales of raw silk to the United States, a discriminatory tariff on all its exchange-procuring exports to the United States, and an embargo on its purchases of petroleum, cotton, scrap iron, cotton and steel. The United States did not threaten or promise any of these actions, but by its treaty denunciation it removed legal obstacles to the adoption of these punitive measures.

Then the stern speech of the suave Mr. Grew stimulated further the Japanese appreciation that it might be better to readjust its American reactions. Few diplomats could get away with the frank remarks for which the American ambassador was responsible. But the Japanese received these remarks with surprisingly good grace. At first they were stunned, then the conservative groups within Japan expressed their delight at his saying what they themselves had not dared to express. Official quarters remained silent, but days afterwards they approved critical articles in the daily press. The extreme *Yomiuri Shimbun* commented that "the Anglo-Saxons were arrogant and selfish, dogmatic and unreflective. Their frankness is disguised prejudice. It is as difficult to make the Americans and the British understand the new order in Asia as it is to shake hands with the man in the moon."

Behind the bellicose front which the Japanese had exhibited to the Anglo-Saxons, they began to repair their pro-British fences. Japanese business men discussed more freely their preference for intimate relations with the British; Japanese

journalists aired their recollections of the Anglo-Japanese alliance; and Japanese officials treated more carefully the wounded sensibilities of the British representatives in Japan and China. The spokesmen of the army, the navy and the Foreign Office omitted references to Shanghai in their daily bulletins. The Foreign Minister advised Sir Robert Craigie that he would like to resume negotiations about the Tientsin affair, and he invited Mr. Grew to call, presumably in the interest of a new trade treaty with the United States.

The Japanese noted with pleasure the British and French decisions to withdraw their garrisons from Tientsin and Peking, and to remove their gunboats from the Yangtze River. The Allies seemed willing to do their part in easing the Japanese path to reconciliation and a new understanding. The Russians sneered that the British were merely pursuing their traditional policy of salvaging something for themselves by making a new deal with the aggressors.

But the Japanese further surrendered their previous adamance on the status of the International Settlement at Amoy. Indications pointed to a Japanese willingness to relegate to the background the problem of the foreign concessions in China. The Japanese also released some shipments of goods from the interior of China bound for the United States and intimated that they might find it possible to open the Yangtze and the Pearl rivers for foreign shipping. To cap the climax, on November 21, 1939, the Prime Minister of Japan repeated gratuitously the Japanese intention of respecting the territorial integrity of China and of safeguarding the rights and interests of third parties in the establishment of the New Order in Eastern Asia.

Coordinately with inactivity in Europe, Japan delayed decisive steps with regard to either belligerent group. The Abe Cabinet gave way to a new cabinet headed by Admiral Yonai. The change of personnel did not signify a change of policy. Some of the men in the new line-up were more acceptable

than some of the men in the old group. When personal attacks were made against General Abe in the Diet, the cabinet chose to resign. It would have been indiscreet to permit bitter arguments in the Diet, and it would have been dangerous for Japan to make a public choice in foreign policy at too early a date. Therefore, Admiral Yonai merely continued the procrastination tactics, and did his best to keep a friendly opinion in everybody's mind. He, too, seemed to favor those Japanese who were more friendly to Great Britain and the United States. But after a few short months in office, the Yonai regime became the most significant Oriental casualty in the German smash against the Allies on the Western front.

REPERCUSSIONS OF THE BLITZKRIEG ON JAPANESE POLICY IN GREATER EAST ASIA

Again Japan had to pause for inventory. What new line-up could be most appropriate to accord with developments in Europe? For the sake of keeping basic considerations in the foreground, bear in mind that every Japanese leader is fundamentally pro-Japanese. It is unwise to say that this leader is pro-democratic, or that that leader is pro-Axis, without remembering that both leaders have at heart the basic welfare of Japan. One believes that he will find it by currying the favor of Great Britain and the United States, another believes that it will result from close relations with the Germans, but both agree that the interests of Japan must be served. Therefore, when Prince Konoye succeeded Admiral Yonai as the Prime Minister on July 16, 1940, he introduced new measures which he believed would guarantee the most perfect solution for contemporary problems of Japan.

First, he had to meet pressing economic embarrassments at home. The budget was terrific; prices were shooting upwards; and there was a serious shortage of consumers' goods. People had money, but they couldn't spend it. Workers were getting better wages, and farmers were getting higher prices for

their rice, wheat and raw silk. But debts were heavier; labor and industry together faced stricter regimentation; and there seemed to be no discernible way out of the economic crisis which everybody seemed to feel. Raw materials were becoming scarcer and more expensive; the annual trade balance was heavier against Japan; and too many exports were going for war purposes or for credit sales in China. Inflation was perilously close. The government was spending too much; was taxing the people too much; and was not producing enough results to justify the costs.

Prince Konoye introduced some radical reforms. He dissolved the Parties, eradicated divisive influences like the Rotary and the Salvation Army, and he established a new structure for his government. He enlisted the support of nonpartisan agricultural, educational, commercial and military leaders. He sought the complete integration of the economic, social and moral force of the nation. Relieved of embarrassing internal dissensions, he sought a unified domestic and foreign policy. The Prince had always been identified with liberal measures of internal administration, and now he had his opportunity to put those measures into practice. Debt-relief, reduced rents, extended help for agricultural cooperatives, public works programs, higher real wages, higher progressive taxes, and more security in labor exemplified his program.

In foreign policy, he believed the time to be opportune to turn his back on the shortcomings of the democracies, and to identify his aims with those of the newer, dynamic nations. He shook up the diplomatic service, and called home those who had openly expressed sympathy for the Allies. He chose as his most intimate adviser Mr. Matsuoka who, as Japan's delegate to the League of Nations in 1931, had to receive personally those impersonal insults which had been heaped upon the head of the Japanese nation. Mr. Matsuoka, in turn, relied upon the counsel of Mr. Ohashi, the number one nationalist of Manchoukuo, and Mr. Shiratori, the most ardent admirer

of authoritarian methods. Mr. Matsuoka announced the end of Japanese subservience to Great Britain, and the end of toadying and making vain efforts to shake hands with countries which cannot be turned into friends. He declared that the whole Japanese race was rolled into a ball of fire and was sweeping everything before it. For the first time, he referred to GREATER EAST ASIA, and he revealed ambitions beyond China in Japan's sphere of operations in the South Seas.

According to Japanese definition, Greater East Asia includes Thailand, Burma, New Caledonia and the Netherlands East Indies, but not Australia and New Zealand. The Japanese program there looks not to exploitation and oppression but to economic cooperation and mutual prosperity. "The islands of the South Seas are not to be considered as hostile bases, but rather as stepping stones to peace and harmony."

Japan's motives in shifting its emphasis from China to the colonial spheres of the European Powers in the region of the Indies are deeper than the mere restless urge to expand. Japan faced difficulties in procuring raw materials from the British Empire and the United States and sought an uninterrupted supply of petroleum, rubber, tin, lumber and rice. Japan saw a golden opportunity to strike at the hostile defense triangle of Saïgon-Manila-Singapore and believed that if it could displace the British from Singapore, it could control the traffic of the Indian Ocean and all the trade lanes of the Western Pacific.

Singapore and its immediate vicinity has a population of 740,000 people, eighty percent of whom are Chinese. The Chinese are from Swatow "where men speculate on culture and human behavior," or from Amoy "where women work so that men can reflect about heaven and earth." The Chinese of Singapore have plenty of common sense, an inflexible determination, and they have no love for either Japanese or British. It is common for Chinese patrons at a tea house to order iced tea by telling the waitress, in Chinese of course, to "freeze

the red-haired devil." Even in 1931 Japan would have preferred to move southwards rather than westwards, but in those days Russia seemed weak and the British Empire seemed impregnable. In 1941 the situation was reversed, and the success of the Blitzkrieg gave Japan the opportunity it desired.

Before Japan could extend itself beyond China, it had to regulate its position on the mainland. That was not easy. Japan used the twin techniques of the iron fist and the velvet glove. It intensified air raids on Chinese cities. Planes showered death on luckless Chungking, while Japanese armies tried in vain to storm the advance lines of Chiang Kai-shek. Japan extended a full blockade along the China coast, and considered the invocation of belligerent rights. Formal declaration of war would have made little difference in the actual conduct of hostilities, but it would have provided a legal excuse for more confiscations of Chinese public properties in the occupied areas.

At the same time, Japan withdrew some of its troops from South China, extended recognition to Wang Ching-wei, and made more conciliatory approaches to the Generalissimo. These overtures were barren of results. Prince Konoye could not discover the magic formula to solve the problem of China. He could not destroy the Chinese morale, he could not force the surrender of the Chinese armies, and he could not purchase Chinese subservience. What is worse, he could not make the Chinese occupation pay. Without hope of profit, the whole four years of fighting would prove to be a tragic combination of farce and frustration.

Japan continued courtship of Russia. The Siberian flank must be absolutely secure before the beginning of any campaign to the south. Japan was prepared to meet a stiff Russian price for a friendly understanding: perhaps willing to consider the readjustment of every negotiation since the Treaty of Portsmouth. Japan might reapportion the spheres of interest in Korea, Manchoukuo, Mongolia, Sinkiang and China itself;

and might agree to maintain a discreet silence on the subject of Communism. Still the costs to Japan would be reasonable if they would guarantee Russia's benevolent neutrality in the event of a Japanese clash with the other imperialist Powers.

Japan then turned to its cronies and cemented their cooperation in the terms of the Tripartite Treaty of September 27, 1940, which one unsympathetic commentator labelled "the greatest bluff of all time." Japan, Germany and Italy,

> considering it as a condition precedent of any lasting peace that all nations of the world be given each its own proper place, have decided to stand by and cooperate with one another in regard to their efforts in greater East Asia and regions of Europe respectively wherein it is their prime purpose to establish and maintain a new order of things calculated to promote the mutual prosperity and welfare of the peoples concerned.

Japan, Germany and Italy agreed to recognize and respect one another's leadership in their respective areas, and they undertook to

> assist one another with all political, economic and military means when one of the three contracting Powers is attacked by a Power not at present involved in the European War or in the Sino-Japanese conflict.

They affirmed that the aforesaid terms would not in any way affect the political status which exists between each of the three contracting parties and Soviet Russia. This language is sufficiently ambiguous to reserve for each signatory unchallenged latitude in interpretation, and it gives no hint of secret or additional articles. But it strengthened the hand of the Japanese Government and encouraged the drive to the south.

Prince Konoye adopted a hard-boiled attitude towards Great Britain, France and the United States. He wrung from the

British an agreement to close the Burma Road for three months to passage of munitions, trucks, petroleum products and railway materials. The Chinese declared this agreement was unlawful and unfriendly, and Secretary Hull stigmatized it as an unwarranted obstacle to the international commerce in American goods. Britain and Japan intimated that the affair was no business of third parties, and that it might pave the way for a peaceful atmosphere in which the Japanese and Chinese might mediate their differences. Japan lodged a protest against British impressment of German sailors from the *Asama Maru*, and the ensuing arguments became so hot that the "Japanese seemed to lose their reason and the British their imagination."

Then after the Japanese-British rapprochement on the subject of the Tientsin Concession, the British withdrew their troops from Peiping, Tientsin and Shanghai. When the East Surreys and the Seaforth Highlanders marched past the American Embassy in Peiping, the Marine Band saluted them with "Auld Lang Syne." British soldiers departed from Shanghai. British civil officials acquiesced in the transferring of the Land Office records to the puppet government in Shanghai and they sanctioned a contract for the sale of a million barrels of oil by the Anglo-Iranian Oil Co. to the Japanese Government. Amid a chorus of disapproval, Prime Minister Churchill announced that the British were ready to negotiate, ostensibly with Wang Ching-wei, for the return of the Concessions and extraterritoriality. These British surrenders indicated that Prince Konoye's firmness brought temporary dividends to Japan. But in spite of those British objectors who disliked to give in to the demands of the aggressor, the British Government could scarcely do other than seek peace in the Orient without the unequivocal support of the United States. It is one thing to protest on the basis of ideology and principle; it is quite another to discharge the responsibilities of actual politics.

Prince Konoye turned his political guns on the unlucky French position in Indo-China. Japanese forces occupied the French naval base at Kwangchowwan soon after the French defeat by the Germans. Japanese sequestered millions of dollars of supplies which had accumulated in Indo-China and which had been destined for Chiang Kai-shek. Japanese troops occupied the French-Chinese border cities and Japanese inspectors went into the railway headquarters in Indo-China to see that no enemy goods could get through to the Chinese Government. The Japanese Government despatched a commercial delegation to Saïgon to obtain a downward revision of Indo-China tariffs, in favor of Japanese goods, and to negotiate a new barter agreement. Secretly, the Japanese are supposed to have presented demands to the colonial Government for new naval bases, for free passage of Japanese troops, for unlimited radio facilities, and for Japanese supervision of the local defense program. When Admiral Decoux, representing the Vichy Government, received German permission to continue Indo-China defense works, Japan feared possible eventual use of those fortifications against Japan. Therefore, it seemed wise to Japan to direct the preparations, if it could not discontinue or destroy them.

Japan used the little war between Indo-China and Thailand for its own purposes. Thailand has always been the meat in the sandwich between the British in Burma and the French in Indo-China. It has lost some of its people to both neighbors, and it has preserved its own independence more because of the conflicting jealousies of the twin imperialists than because of the cleverness of its own leaders. Ninety-five percent of its business is in foreign hands, and foreigners control its resources in rice, fish, teak and rubber. France acquired a significant portion of the territory of Thailand by a series of treaties between 1867 and 1907. In 1904 a three-Power Declaration of London defined the respective French and British spheres of influence in Siam, and guaranteed the Siamese mid-

section as an independent state. Although the Siamese lost 90,000 square miles to France, and 13,000 square miles to Great Britain, they retained an area as large as Spain and a population of 8,000,000 people. Their narrow peninsula offers the right of way for a canal which would extend from sea to sea back of Singapore, and it controls the railway approaches to the vital naval base. Siam therefore holds a whip hand in the political situation in Southeastern Asia. Neither Britain nor France would enjoy having this strategic threat in the hands of Japan or Germany.

The Siamese have been able to avoid every excuse for foreign intervention, and have been able to lay the foundations for an absolutely independent state. In 1920 extraterritoriality was abandoned in principle; in 1932 a nationalist group usurped the regency; in 1937 the unequal treaties were thrown out the window; and in 1939 Siam changed its name to Thailand, which is the local equivalent for "the land of the free and the home of the brave."

The French and the British cooperated in the domination of Siamese politics until the abdication of the gelatinous King Prajadhipok in 1935. Then War Minister Bibul aroused the Siamese from their millenary lethargy and wrenched concessions from their silent masters by carrying on active negotiations with Japan and Germany. The Siamese placed orders for arms with the salesmen of the Axis Powers, and they accepted the cheap Japanese bids to build destroyers for the Siamese navy. They kept the local papers alive with rumors that Japan had received contracts to deepen the harbor at Bangkok, or to build the Kra Canal, or to build military highways to the Laos border. These reports were particularly disconcerting to France because France recognized that its colony in Indo-China would succumb the minute Japan would become the ally of Siam. Japanese military missions, agricultural experts and financial advisers flocked into Siam. Japanese

propagandists stirred up the Siamese to demand the return of Cambodia and to encourage the submarine movement for anti-foreignism and nationalism both in Indo-China and in Siam itself.

Japanese policy began to boomerang when the Japanese succeeded to the actual power of France in Indo-China. Then the Japanese would have restrained the Thailanders pending the stabilization of Indo-China. Thailand spurned the offer of a non-aggression pact with the French, and on June 12, 1940, entered into a treaty with Japan providing for the mutual respect of territory, exchange of information, and consultation on questions of mutual interest. Each nation agreed that if the other were attacked it would do nothing to aid the attacker. Thailand demanded from Indo-China the return of its former territories, and unleashed miniature war on the banks of the Mekong to enforce its demands. Thailanders boasted that for the first time in fifty years their own flag flew over their brothers in Cambodia. The French displayed forbearance, characterized the procedure of the Thailanders as the "vexatious acts of ill-bred children," and agreed to mediation by Japan.

The international implications of the Thailand-Indo-China war concern directly Britain, France, the United States and Japan. Britain would not be averse to pressure from Thailand, if that pressure could possibly result in influencing Indo-China to join the side of Free France. France had no wish to lose its territory and was willing to trust to the mediation of Japan. The United States could not determine which was the aggressor and which the victim. It feared that planes sent to either party might pass into the hands of Japan. Japan's previous support of the Thailanders worked to its own disadvantage in Indo-China, but it paved the way for another expression of its paramount interests in Southeastern Asia. Japan was really on intimate terms with both belligerents. As long as

there was trouble, and as long as Japan could be regarded as the possible pacifier, Japan had an ideal excuse to take a step towards the Netherlands East Indies.

Japan's program with regard to the Indies has been undisguised. As soon as Japan appreciated the possible loss of the Indies to Germany as a result of the German drive into the Dutch mother country, Japan announced its interest in the preservation of the political status quo. When Germany made a public declaration of its lack of interest in the Indies, Japan sounded out the United States, Great Britain and France. All three denied any ambitions, but expressed their desire for the preservation of the status quo too. Japan responded in new tones, eschewing any self-denying intentions, and emphasizing the Japanese concern for its special economic rights in Greater East Asia. Japan made no pretensions to the political domination of the Indies, but asserted its undisputed right to the raw materials and markets which the Indies offered. Negotiations for new trade pacts looked to the implementation of these ideas, and among other things Japan obtained the right to purchase three-quarters of its ordinary oil supplies from American and British companies in Java, Sumatra and Borneo.

Since the outbreak of the war in Europe, Japan has given a new impetus to the drive to the south. Japan has won the support of the middle class to its own expansionism. A "Gallup poll" among the Japanese liberals in the opening days of 1941 showed that a majority did not want an extension of the European war to East Asia; but if the war should come and bring with it the United States as an enemy, 6500 of the 7500 questioned would choose to fight rather than surrender their rights in the South Seas. As one observer wrote:

> Japan is in a gambling mood. It must make its bid now or wait empty-handed for centuries. There is no penchant for compromise, concession or retreat. There is no calm calculation of risks. They will not be stopped, short of a major clash with the United States.

Anyone who imagines that the Nipponese will surrender the initiative is another Alice in Wonderland.

Always the ghost of the American Navy seemed to pop up to haunt the exponents of Japanese expansion. Secretary Stimson's return to the Cabinet meant double trouble. Admiral Taussig indiscreetly referred to the "inevitable war" between Japan and the United States. The American fleet spelled defense to the Americans, but it implied unwarranted interference in the eyes of Japan. How could Japan ever hope to string out its life-line to the South Seas, and gain control of the rubber, tin and miscellaneous trade of the Indies, if the Americans would actually fight rather than tolerate this "modest" Japanese expansion?

But Japan counted on American isolationism and pacifism. Prince Konoye shrugged his shoulders at the cancellation of the trade treaty, and opined that Japan could not discuss this or any other question which was a matter of life or death to Japan. He agreed to the continuation of the quota on Japanese textiles exported to the Philippines, but registered his objection to the new Philippine immigration law which limited Japanese immigrants to 500 per year. He agreed to the partial Japanese financing of the O'Ryan mission designed to explore trade possibilities between Japan and the United States, but he hit the ceiling with the announcement of the American licensing system for steel, iron, non-ferrous metals and petroleum products. But he is not the type—neither is any other Japanese—who would quit in the face of opposition. His sentiments—"If we have to go down fighting, it might as well be against the Americans"—reflected his determination to fight fire with fire. He tightened the commercial restrictions against the American business men in North China, and he gradually increased the pressure on the remaining American marines in the Yangtze Valley. While Americans sent notes and passed laws against Japan from this side of the Pacific, Japan issued

statements and took anti-American action on that side of the ocean. "Down with America" handbills appeared in the Orient, and the United States became known as the "pampered millionaire who dabbles in charity without ever having known suffering." American opinion clamored for an embargo on sales to Japan, and for a boycott on purchases of all Japanese goods. In return, Japan warned that "Americans cannot expect Japan to sit tight and grin while Senator Pitman has his finger on the gun which is aimed at the heart of Japan."

The great challenges before Japan as a result of the rapid turns of events in Europe were whether Japan had the wisdom to settle the China affair, the ability to soothe Germany and Russia, the power to oust the British and the courage to oppose the United States.

Japan, like any other nation, can not move in a straight line towards a well-defined series of objectives with the regularity of a time-table. In spite of unified opinion, and the absence of opposition minorities in its political structure, Japan must proceed opportunistically in accordance with the demands and concessions of its friends and enemies. Sometimes it can go forward, other times it must retreat. Japanese leaders have no monopoly on brains in the Orient. Sometimes they achieve spectacular successes, other times they make glaring mistakes. And whatever their procedures in diplomacy, they cannot boast of any basic improvement in the lot of the entire Japanese nation, as long as there is so much patient suffering at home and so much ill-will abroad.

The fundamental conflict between China and Japan continues. China proceeds with its revolutions while Japan ponders ways and means of reconciling conditions in China with its own demands for peace, order and prosperity. The nations of Europe would use the Oriental countries as pawns in their own clashes of power politics. On the other hand, China and Japan prefer to utilize the undertones of the war in Europe

for their own advantage. China is in no position to exercise initiative, but Japan weighs carefully its advantages derived from the Axis victories. Japan nurses along its truce with Russia, and plays ball with confident Germany. It defies Great Britain, it eyes the colonies in the South Seas, and it avoids an open conflict with the United States. But although Japan is two-thirds in the German-Italian camp, it remains one-third in the camp of the democracies. It keeps an abundance of observers in every part of the world, watching for any shift in the political winds. It can spring at a moment's notice from friend to enemy, and it is never hampered by subjective considerations in shifting its allegiance. Japan's preoccupation for its own security and well-being transcends any temporary expediency of helping or opposing any combination of Powers in Europe. Today it is the friend of Germany, tomorrow it might seek again the friendship of those nations who have symbolized power and legal procedures

Part Two

THE INTERESTS AND POLICIES OF THE GREAT POWERS IN EASTERN ASIA

CHAPTER SEVEN

The United Kingdom

FACTORS CONDITIONING BRITISH POLICY

ANYWHERE EAST OF SUEZ, the traveller can find unmistakable evidence of the impact of British civilization upon the native peoples of the Orient. Since the days of the good Queen Bess, when the East India Company received a charter for the exploitation of the wealth of the Indies, British merchants and British seamen have been buzzing in and out of the ports from Gibraltar to Yokohama trading the products of the United Kingdom for the spices, silks and teas of Eastern Asia. The profits of the trade have extended beyond the treasure houses of the ancient monopolies, and have filtered into the pockets of humble shareholders throughout the length and breadth of the United Kingdom. The political result of the widespread distribution of profits has been a generalization of interest in British policy. London commission men, Lancashire weavers, Birmingham steel operators, Liverpool shippers and Southampton sailors have had a personal stake in Eastern Asia for two centuries. They have formed definite, if conflicting, ideas about how the British Government should get on with its job of protecting and promoting British interests on the Eastern edge of the world.

Democratic privileges in the United Kingdom make for disparity of views. The disparity never has an opportunity to express itself beyond the boundaries of the Foreign Office.

But until a given line of action is determined upon, the Government in power must consider, and to a certain extent abide by, the wishes and counsel of pressure groups who are most concerned in Eastern Asia. These pressure groups have the widest opportunity to make their views prevail. British policy, like American policy, is a compound of conflicting internal forces. But once formulated and put into execution, it leaves no room for dissenting opinion. The combined force of the Empire, if necessary, must be rallied in support of national interests, after the divergent elements of the British public have had their say in the definition and determination of the direction in which those interests lie.

Education in international affairs is an essential part of British intellectual equipment. The ruling classes have a practical understanding of the interrelationships between economic welfare and diplomatic negotiations. The "best minds" have been attracted to the Diplomatic Service abroad and to the Civil Service in the Foreign Office in London. These professionals are of the highest calibre and exercise the greatest influence in shaping British foreign relations. They do not hesitate to fly in the face of public opinion, if in their judgment the public has been ill-informed. The permanent staff played a leading role in the unpopular establishment of the Anglo-Japanese Alliance, and in the appeasement procedure of the Munich Conference. But popular disapproval is seldom of long duration and it always leaves undiminished the traditional prestige of the permanent staff. The post-war penchant for "open diplomacy" has had little effect on the tight control which the "experts" wield over the conduct of foreign relations. Sir Alexander Cadogan, Sir Robert Vansittart, and others of their ability and experience remain in permanent tenure while Prime Ministers and Foreign Ministers rise and fall with the tides of political fortune.

The British system of Cabinet responsibility to the Houses of Parliament means that the Government in power is subject

to constant criticism. Its policy continues only so long as the Cabinet enjoys the support of the majority of the Parliament. Defeat on a single issue means a change of ministers and often a general election. The British Cabinet speaks through, and in the name of, the Crown, but the words it speaks are the sentiments of the people, as expressed through their representatives in the House of Commons and in the House of Lords.

The House of Lords consists of aristocratic elements which are most concerned with the broad bases and longer perspectives of foreign policy. Many of the members present have been His Majesty's Ambassadors, or Colonial Governors, or Viceroys of India. They have had life-long experience in the affairs of Empire and they are primarily concerned in preserving intact the general British traditions of primacy.

The House of Commons is as heterogeneous as the American Congress. Its members are representative British citizens. From every walk of life they contribute their particular slants to foreign policy and heckle the Government on all the immediate controversial issues of diplomacy. They concentrate on the short-run rather than the long-run problems of policy. The Conservative side of the House boasts names like Winston Churchill, Anthony Eden, Sir John Simon, and Sir Samuel Hoare. These men submerge their opposing views on specific items of foreign relations in favor of a unified party policy. Across the room on the Opposition benches are the Liberal followers of Lloyd George and Sir Archibald Sinclair; the Labor delegates under Major Attlee and Mr. Greenwood; and varying shades of Independents and Communists who refuse to be classified or whipped into any party strait jacket. The Opposition condemns the Government for its surrender to blackmail in Eastern Asia and puts no faith in a bargain with Japan. Mr. Herbert Morrison epitomized Opposition sentiment in the lament that "Japan is doing things to us which must make the predecessors of Mr. Churchill turn over in their graves."

The springs of public opinion in the United Kingdom outside the Government circles include a large number of retired advisers to China and Japan, former officials in the Customs Service, business men on leave, as well as journalists, writers and commentators of varying opinions and convictions. These people present their ideas through the media of newspapers, revues, movies and the radio. Most influential among these extraneous groups are the business men who have had worldwide contacts and experiences. Most of them are as opportunistic as exporters in the United States, but many exert a self-sacrificing initiative for the general welfare of British traders and investors. Because of their responsibilities as directors of international corporations, they are extremely sensitive to political developments. Their annual reports to shareholders are gold mines of information concerning local politics in the four corners of the world, and between-the-lines information bristles with their judgment of repercussion on British interests.

Politically minded economists and academic liberals do not wield an appreciable influence on immediate issues of foreign policy, but their ideas are widely known through the highly respected columns of the *Manchester Guardian* and the *Economist*. As a matter of fact, they exert little effort to translate their ideas into action, confident as they are in the ultimate triumph of their own intellectual liberalism. They are content to let more active agitators express disapproval of any further retreats from the system of collective security in order to placate Japan. Trade unions, the National Union of Railwaymen, the National Council of Labor, the London Free Church Federation, the National Peace Council, the Women's International League, and the China Association had been most vociferous in their condemnations of Japan, before their attention was diverted by flames raging in territories nearer home. Various private organizations had striven desperately to keep alive a faith in sanctions and give whole-hearted allegiance to the indivisibility of peace.

The voice of the Dominions has cast a deciding vote in the determination of a given British course of action in the affairs of China and Japan. Canada is developing a foreign policy of its own, and is not willing to entrust its defense or its commercial future in the Orient to the whims of Downing Street. Canada has a prosperous trade with Japan, it has a vital relationship with the United States, and it has a multiplicity of internal problems. Therefore it must insist on independent judgment in matters of Empire policy, and must demand preferential treatment when its own local interests seem to run counter to the local interests of the United States.

Australia and New Zealand look askance upon Japan's approach to the Southern Pacific. New Zealand has little to fear from direct invasion, but at the same time it is grateful for financial support from England and for the potential protection of the British fleet. It dislikes being dragged into war in Europe because of its Commonwealth ties, but that is part of the price which must be paid for the mutual advantages of the Commonwealth relationship. New Zealand has constantly urged the Government in the United Kingdom to take stronger steps against Japan, and to strengthen the British fleet in Eastern waters.

Australia, with its sparse population and rich raw materials, appreciates its magnetic effects upon Japanese imperialists. Australia has enjoyed an extensive trade of wool, wheat, meat and metals for Japanese rayon and cotton goods and looks upon Japan as a market rather than as a commercial competitor. Australia wishes fervently that Japan would abide by the canons of law-abiding nations, but it discreetly and scrupulously avoids condemning Japan as an aggressor. Australia drives the best trade bargains it can with Japan, even at the expense of Commonwealth solidarity, and looks carefully after strengthening its political and military ties with the mother country. Australia would like to bring about an effective Pacific Pact of non-aggression and a general trade agree-

ment with all Pacific nations on a basis of reciprocity. Failing in these general objectives, it has established local factories for military aircraft, it has voluntarily increased its contribution to naval defense, and has given Great Britain support in the latter's crises in Europe, just as it would expect British support in case of an attack against its own security. Mr. Menzies, the Prime Minister of Australia, speaking at Sydney on July 3, 1939, characterized relations between Great Britain and Australia in the words which follow:

> We believe that Britain has acted with honour, judgment, long-suffering care, and patience. We believe her policy to be right and stand with her in that policy. At all stages we have been advised and consulted. At no stage have we essayed to offer an opinion. At every stage we have joined Britain in urging a peaceful solution of difficulties. If pursuit of that policy means trouble or even war for Britain there need be no doubt that the trouble or endurance of the trials of war will be shared by the people of Australia.

Sometimes, with regard to British policy in East Asia, the Dominions counsel caution where London prefers firmness. Sometimes the situations are reversed. Inconsistency and vacillation occasionally result from the inability to reconcile the particular interest of the Dominion with the general welfare of the Empire. But when decisions are reached in unison, the actions are more powerful because of the free interplay of judgments and the voluntary acceptance of responsibilities.

A last cohesive group which tells the Foreign Office its wishes in no uncertain terms indeed is the British community in China. Mails across Siberia, through Suez, or even by air across India are comparatively slow, and there is a resultant lag between Hongkong's desires and London's concessions. But the British community is that which suffers the indignities or bears the brunt of scurrilous attacks. Naturally, it asks for more positive action and the assumption of greater risks in protecting its life and property. It always

clamors with indignation about any betrayal of their vital interests, apparently unable or unwilling to take a longer view and recognize that in the last resort Chinese good will was more valuable to British trade and industry than local treaty rights and special privileges. The Foreign Office views are sound and derive support from the ultimate good sense and loyalty of British residents..

In other words, the commercial interests on the spot usually resent any efforts to compromise and insist that the Government shall not budge an inch. But since compromise promises profit and good will for investors, the investors are usually ready to forget their intransigeance and seek working arrangements with potential enemies.

When speaking of "British" interests and policies in Eastern Asia, it is essential to bear in mind the composite nature of the word "British." When it is said that the British own this, or the British do this, or the British want this, it must be remembered that "British" means the Government, or more precisely some particular pressure groups who have convinced the Government that their desires and recommendations are for the interests of the Empire as a whole. These pressure groups may be genuine and sincere in their devotion to public welfare, or they may be selfish in seeking primarily their individual profit. At any rate, they typify the moral level of the community. It is at once the risk, and the privilege, of British democracy that these British subjects are given the opportunity to combine their ideas into the formation and execution of a course of action which may cost their own blood and treasure to defend.

STRATEGIC AND POLITICAL INTERESTS

A Committee of Studies at the Royal Institute of International Affairs in London has established a precedent which study groups in other countries can be expected to follow. In a long, well-coordinated volume, the Committee has analyzed "The Political and Strategic Interests of the United King-

dom." The Committee declares immediately its emphatic belief that the first interest of the United Kingdom is peace. Not peace as an objective in itself, but as a method of guaranteeing continued security and prosperity.

> In seeking thus to promote the reign of peace and the rule of law, Great Britain was thus undoubtedly promoting her own interests. . . . Great Britain's interests are spread over every part of the globe; she is still the largest carrier of commerce of other nations; trade with her is important in every country of the world, while her own trade is so widespread that no single one of her customers takes more than 6% of it, nor does any one country supply more than 12.8% of her total imports. Four-fifths of her food supply comes from overseas; one-fifth of the people of the United Kingdom live by her export trade. The total of her overseas investments . . . is estimated at over 3,700 millions, and in this way, in addition to the trade connexion, her prosperity is closely bound up with theirs. Peace is essential to Great Britain if she is to maintain this position unimpaired.

The ideals of political liberty and freedom are often associated with the objective of peace. There is an emotional appeal to the United States and France in identifying "democratic" procedures with the best interests of their "natural allies." But the Committee referred to above states unblushingly:

> The interests of the United Kingdom demand that her foreign policy should disregard so far as possible ideological cleavages. The only sound principle for international dealings is that each country is responsible for its own system of internal government and that none will submit to interference by its neighbour in that sphere. In practice the problem of achieving a modus vivendi for the democratic and the totalitarian powers remains, because the most formidable exponents of totalitarian governments are pursuing an external policy which appears to threaten the interests of Great Britain and her democratic associates.

The challenge to British interests results primarily from the behavior of the dictator, and not from his nature. Berating the nature of the opponent has the effect of appealing to American support of a "holy war," but it does not obscure the fundamental truism that international relations are and will continue to be determined by national interests. As soon as the cry to "make the world safe for democracy" loses its potency or usefulness, the Powers concerned will choose new friends and enemies, unrestrained by any political doctrine. British denunciation of aggression overlooks the consideration that the very existence of some entities, like its own tremendous Empire, constitutes an aggressive "menace" to Germany, Italy and Japan. Dynamism is not necessarily the earmark of aggression.

National interests are not necessarily base and unworthy. Indeed, the highest concept of national interest recognizes the mutual advantages of restraint and consideration. A Power which rides rough shod over the rights of minorities or the dignities of native population runs the eternal risks of hatred and retaliation. "Enlightened self-interest" is to the nation exactly what "good will" represents to the business man. But in pursuit of enlightened self-interest, the emphasis is understandably predicated upon the prior claim of the stronger to the lion's share of the advantage. With specific reference to China, another British writer asserts:

> Any good that comes to China out of British policy is incidental to more basic considerations, among which are Anglo-American and Anglo-Japanese rivalries. Even if British policy in China can be taken as one of the brighter jewels in the British crown, to present it as an ornament of the spirit is merely to make a virtue of necessity.

The primary British interest in Eastern Asia is security, which implies maintenance of territorial possessions and pro-

tection of routes of communication and supply. The British life-lines pass through the Mediterranean or around the Cape to India, thence to Singapore and either "down under" to Australia or up-hill past "Java Head" to Shanghai. The Indian Ocean is practically a British lake and one quarter of British shipping is always in its waters or in ports along its shores. British strength and prestige have been built upon sea power. The preservation of naval supremacy has become more difficult since the Russians have reached the Pacific littoral entirely by routes immune to attacks from the sea; and since others have developed submarines and airplanes which challenge the haughty over-lordship of the dreadnaught.

The British had relied upon the system of collective security and the Asiatic balance of power to preserve their commercial position. But with the collapse of the Covenant, of the Washington Agreements, the Kellogg Pact and the Naval Disarmament Treaties, they reluctantly undertook the single-handed defense of their extensive interests. Their problems have been immensely complicated by the double-barreled assaults of Germany and Japan. Troop dispositions in China and naval complements in Singapore must depend on the world situation. Garrisons in China can not be increased, nor the battle fleet shifted to Asiatic waters, in the face of any immediate danger in Western Europe. No threat in the Orient can deflect the United Kingdom from the security of the British Isles and the sea communications which guarantee the British food supply. In relation to Japan Great Britain has absolutely no cards in her hand except those she plays at Washington.

After the formation of the German-Japanese-Italian Triplice, the British plunged with all their latent power into the building up of their strategic position in Eastern Asia. Problems of imperial defense occupied the down-stage position at the Imperial Conference in London in 1937 and occasioned a follow-up defense conference in New Zealand in 1939.

British, Dominion, and French naval commanders met in consultation at Singapore, and an American contingent was significantly present at the dedication of the newly constructed and heavily fortified naval base there. British finances poured into the rearmament programs at home, in Australia, and in New Zealand, and British diplomats substantiated their claims to hitherto unimportant islands which might become extremely valuable for purposes of civil and military aviation. British engineers and naval officers were busy as bees in modernizing and improving coaling stations and naval bases along the communications arteries off the coasts of Africa and Asia.

The security of Hongkong presented the most pressing problem because of Hongkong's exposed position in the Japanese line of advance. It is the terminal link in the British chain of possessions, and is only three hundred miles southwest of Formosa. Hongkong was obtained by the British in 1842, and grew rapidly in importance because of its excellent harbor, its political and strategic position for a naval base off the coast of South China, its shipping (and recently air) connections, and its facilities for trade and finance. It has an area of 391 square miles, including neighboring islands and the Kowloon extension on the mainland, the acquisition of which was "undoubtedly justifiable by the obvious fact that without it Hongkong would be defenseless." The whole territory boasts a population of a million people, ninety-eight percent of whom are Chinese. Its government is that of a Crown Colony. The British Governor is directly under the supervision of the Secretary of State for Colonies and he is responsible for the expenditure of local monies received for defense, order and public works. The Chinese have no right to vote and they have not had the advantage of any large scale efforts for social improvements. The miserable hovels of the Chinese fishermen down on the water's edge make a pitiable contrast to the gorgeous British homes up on the Peak. The prosperity of the British in Hongkong has depended upon

the trans-shipping business at the free port and the handling of the remittances of Chinese emigrants. However, Hongkong serves a limited hinterland, it exists under the commercial challenge of budding Canton, and therefore it has fallen behind Shanghai as China's chief entrepot. However, from the British point of view, Hongkong is

> an asset and a liability. Its existence bolsters British economic and political interests in the Far East and stiffens British opinion. At the same time, its remoteness and vulnerability to attack are a strategic liability and a war risk in a region torn with international conflict.

The naval base at Hongkong is not strong. Japan has strong bases near by and could easily reduce Hongkong in event of war and dominate the route to Singapore. The docks at Hongkong can not accommodate the post-Jutland capital ships, and the vessels based at Hongkong are insignificant in strength as compared to the Japanese fleet which would be massed against them. Hongkong is subject to air attack from carriers, Formosa or the Pescadores; is exposed to naval operations by Japanese capital ships on the Hongkong-Singapore line; and is vulnerable to an advance from the land side by parties which would previously have come ashore near Canton. Since the outbreak of the Sino-Japanese war, the Japanese have occupied many large and small Chinese islands between Formosa and Hongkong, which would prove useful for subsequent operations of smaller naval craft. And what is worse, the Japanese have a practical blockade around Hongkong, and can cut off the entire food supply of the island any time they want to.

But the British have not written off Hongkong as a total loss nor are they prepared to abandon their possession without a struggle. The naval contingent there consists of an aircraft carrier, nine ten-thousand-ton cruisers, ten destroyers, fifteen submarines and five river gun boats. And it can be

strengthened in a hurry by the formidable units which are stationed at Singapore. In 1938, the British spent $40,000,000 Hongkong currency as a beginning on its land defenses. They installed coastal batteries, and anti-aircraft sites; they built roads and bomb-proof shelters; they erected barracks, hospitals, airdromes and protection for the reservoirs. They increased the permanent garrison from four to six thousand infantrymen. They added one full brigade of regulars, four heavy artillery batteries, two full anti-aircraft batteries, two companies of engineers, and Ordnance Corps, and a local volunteer battalion of one thousand men, including one company of Chinese. To cap the climax, they announced a conscription scheme in 1939 according to which every able-bodied man in the colony would be subject to military duty. Still these forces can not actually stand up against Japan, and one Italian naval man said that he thought Japan could take the island in fifteen minutes. In order to avoid actual war, the British have agreed to prohibit the transport of arms and munitions to China and to stop the movement of petrol, lorries, railway equipment and "other materials."

The security of other British possessions in Eastern and Southeastern Asia is less pressing because of their greater distance from the Japanese home base. But the British are called upon to look after their territorial possessions in British Malaya, British Borneo, and, of course, in the Dominions. Moreover, the British would be expected to exert every effort to defend the Dutch and Portuguese islands which supply the British with oil, tin, rubber and other essential raw materials. Britain is vitally interested in the prevention of Japanese control of any Dutch, French, Portuguese or ex-American possession on any of the approaches to Singapore.

Singapore is important as the guard of the Indian Ocean. Three-quarters of the land territory of the British Empire is defended from this one lone naval base. Incidentally, Singapore would be seriously menaced by a canal across the

Siamese isthmus of Kra. Siam would not vote against Japan on the Lytton Report, and since the abdication of the Anglophile King Prajadhipok, Japan has been more successful in obtaining orders from Siam for railway and shipping materials, in dispatching naval and military missions, and in supplying agricultural and educational advisers.

TRADE AND INVESTMENTS

Side by side with the British interest of security is the interest of "livelihood" or "prosperity." The British standard of living depends upon the maintenance of its trade and investments in every part of the world. The United Kingdom has therefore moved side by side with the United States in the championship of the Open Door, feeling that free competition best suited the British role as universal trader, carrier, banker and entrepreneur. It has endorsed the integrity of China as the effective method of checkmating the hostile monopolies which would destroy British economic advantages.

In 1684 the East India Company first sent ships to Canton. During the next century and a half, the Company enjoyed a lucrative monopoly which brought riches to itself and prestige to the Government. The British were firmly entrenched in Canton and might have been able to freeze out nascent American rivalry except for competition between the East India Company and ambitious small independent British merchants. The Company gave way, the system of free trade flourished, and the British were successful in reserving for themselves down into the twentieth century a sizable proportion of the China trade.

Great Britain buys from China eggs and egg products, tea, bristles, antimony, wood oil, carpets, peanuts and beans. In return it sells to China metals, machinery, cotton textiles, woolen goods, automobiles, boats, electrical materials, ammonium sulphate, tin plates, cigarettes, dyes and paper. By

British standards, the trade is not very large, representing as it does only one percent of British exports and one-half of one percent of British imports. But from China's point of view, this trade represents about thirty percent of all China's trade with the outside world. The United Kingdom is infinitely more important to China in matters of foreign trade than China is to the United Kingdom.

This trade has shown an alarming tendency to decline, probably because of the general decline in world trade, the decrease in China's purchasing power and the rise of Chinese native industries. There has been a consequent change in Chinese demands from consumption goods to food, raw materials and capital goods. This transition cuts into the British ability to supply the Chinese needs, and there has been a resultant decline in proportions of Chinese trade with the British. The British were making desperate efforts to revitalize their commercial interests in China before the Japanese war upset the apple cart. They were advancing credits and materials for Chinese reconstruction projects, they were stabilizing the Chinese currency, and they were stimulating sales of their own goods by a judicious plan for the remission of the Boxer indemnity funds. The Export Credits Guarantee Department set up a branch office in Shanghai for the particular benefit of British merchants, who in that port handle 60 percent of all British trade with China.

The invisible items in the British international account with China are all in favor of the former. British subjects are employed in Chinese governmental services, like the Maritime Customs, and British interests control all the Sino-British services incidental to shipping. Wharves, docks and godowns belong to British owners, British banks and insurance companies underwrite financial transactions, and British ships carry goods into and out of the Chinese ports. The British flag covers 35 percent of all China's foreign commerce and 40 percent of all its coastal and inland commerce.

The thirty-eighth report of the Imperial Shipping Committee submited to His Majesty's Government in March 1939 contained pertinent observations concerning the future of this British shipping in the trade of the Orient. It warned that decay was just ahead if immediate measures were not forthcoming against the determined competition of the Japanese. According to the report, British shipping could hold its own in the route from Europe to the East, but it was falling behind in the rubber trade to North America, in the cotton for cotton goods trade between India and Japan, in the wool, iron and wheat transportation from Australia, and in the coast and river trade in China. It attributed comparative Japanese success to newer and faster boats, to cheaper building and operating costs, to horizontal and vertical industrial coordination as opposed to British free competition, and to the practice of buying f.o.b. in foreign ports (f.o.b. means free on board). The advantage of this system is as follows. The Japanese get title to India cotton, for example, before the cotton is loaded onto any ship in Bombay. Being the owners of the boats and also of the goods, they naturally ship the cotton to Japan in Japanese bottoms. The report concluded with the warning that one-eighth of the total British shipping industry which depended on trade with the Orient for its continuance would have to be tied up unless the commercial interests cooperated for their own welfare, unless the Dominions and the Home Government extended sizable subsidies, and unless the British forsook the traditional "stiff-neck" and exerted pains to give more satisfactory service to passengers carried. These considerations must again be faced when the war crisis in 1941 gives way to deflated normalcy in the shipping business.

Hongkong occupies a peculiar position in the China trade. It is a free port and therefore a valuable trans-shipping center. Moreover it is the *point d'appui* for the Chinese interior. Its foreign trade has amounted to £50,000,000 per year and this has meant tremendous profits in commissions, hauling, lighter-

age, insurance, finance and shipping. Hongkong's trade boomed during 1937 and 1938 before the fall of Canton, because munitions of war, raw materials and goods of every description entered China through the port of Hongkong. Vast quantities of silver were smuggled through the port in payment for these goods, and large additional sums of liquid capital were deposited in local banks for safekeeping. Coolies and higher-class Chinese who had made their fortunes in the South Seas or the United States remitted their contributions to the Chinese war chest through the Hongkong banks. Chinese of wealth fled the fury of the Japanese invasion and established their homes in the Hongkong haven. With them came the "flower" of the Shanghai night life which also decided to move to the south. The fall of Canton put an end to the orgies of profit and Hongkong was seriously crippled commercially. Stagnation will last at least until the end of the war.

The future of Hongkong is none too optimistic because the Japanese may deepen Whampoa harbor for the South China trade, and thus take away from Hongkong its very *raison d'être*. Hongkong threatens to become just what it was when the British found it: a rock off the coast of Asia. In the meantime, its citizens take what profit or loss they can net from currency speculation and the stock exchange, and take advantage of the budget surplus to care for the destitute refugees who have flocked into the already crowded alleyways and tenement quarters of the Chinese city. And they prepare as best they can to meet any threatened attack by Japan.

The trade of the United Kingdom with Japan is made up of the exchange of machinery, woollen goods, cotton and petroleum products for tea, raw silk, fish and cotton goods. So far as proportions are concerned, Japanese purchases represent only one percent of British exports, practically the same as Chinese, and British purchases of Japanese goods represent

only 1.2 percent of all British purchases abroad. But British trade is more important proportionately to the Japanese. The United Kingdom buys 3 percent of all Japanese exports, or 7 percent of those Japanese exports to countries which pay for their goods in foreign currencies. The British colonies take 9 percent, British India takes 15 percent, and the Dominions 9 percent of all Japanese exports. The whole of the British Empire takes 40 percent of exports to non-yen-bloc countries.

The invisible items in British-Japanese trade are in favor of Japan. Tourists, government officials, investors, and shippers purchase more services from the British than the British buy from the Japanese. This tends to increase the comparative value of the British commercial stake in China, because so many more British people in China than in Japan make their living in performing commercial services. Another point of emphasis is that the basis of China-British trade is complementary rather than competitive. "British" here means the United Kingdom, and not the Empire. The future is filled with more opportunities for mutual profit, because the British do not have to compete in China against an industrial and commercial organization which is imitative of their own. The British were suffering more than they cared to admit from Japanese competition, but they have recouped many of their losses thanks to the Japanese diversion necessitated by the war.

The British commercial stake in Eastern Asia must include the valuable imports of tin, rubber, oil and vegetable products and the exports of miscellaneous manufactured goods. The annual trade turnover of $100,000,000 in these commodities is more important than the figures indicate because of the essential nature of those raw materials in further manufacturing processes. As will be seen in the study of investments in this area, the plantations, wells, harbors and business districts bring employment and profits to the thousands of British

subjects who have invested their funds and made their careers in the Malaysian Peninsula and its environs.

Turning from trade to investments, the preponderance of British interests in Eastern Asia becomes abundantly clear. Americans are tempted to think of the Far East as their own sphere, of the Open Door as their own child, and of the development of China as their own pet project. They are inclined to underestimate the significance of the fact that in addition to their greater political and strategic stakes, the British have greater tangible investments in Eastern Asia. In China, there were more than one thousand British firms and 13,000 British residents at the outbreak of the war in Europe. Some of these firms are old and respected institutions, like Jardine, Matheson & Co. which operates steamships and cotton mills, the Butterfield and Swire Company, which operates more steamships and distributes the famous "Taiku" sugar, the Hongkong and Shanghai Banking Corporation, the Asiatic Petroleum Company, the Union Assurance Co., the Peking Syndicate, the Imperial Chemical Industries, the British-American Tobacco Company, the Kailan Mining Administration, the British and Chinese Corporation and the Shanghai Waterworks. An enumeration of even some of the leading firms gives no adequate clue to the extent to which British initiative and British finances have penetrated into the warp and woof of the Chinese economic structure.

Thirty percent of all foreign investment in China is British; six percent of all British foreign investments are in China; and eight of every ten British dollars in China are connected with Shanghai, the treaty ports or concessions. This centralization of economic nerves at the treaty ports made the system of foreign investments peculiarly vulnerable. When Japan gained effective control of the regional governments, it hurt British interests by manipulating the tariffs, discriminating in the public service, by creating state monopolies, and striking at the treaty basis upon which the ports have prospered. Japan

took over the British-owned railways including the Shanghai-Nanking, the Shanghai-Hangchow, the Peking-Mukden, the Canton-Kowloon, one half the Tientsin-Pukow, and the 250 most difficult miles of the Canton-Hankow.

Of a total British investment in China of approximately $1,225 million American currency, $225 million are in Chinese government bonds. For the most part, these funds have gone for the construction of railways.

British loans include the Anglo-German of 1896 and 1898, the Anglo-French of 1908, the Crisp of 1912 and the Reorganization of 1913 and have been secured on the Maritime Customs and other sources of government revenues. British subjects have been placed in authority, British merchants have profited from the trade derived, and British banks have been made the repositories for moneys involved.

Of the $1,000 million in private investments, 25 percent is in importing and exporting business, 21 percent in real estate, 20 percent in manufacturing and mining, 14 percent in transport, 12 percent in banking, 5 percent in public utilities, and the rest in the inevitable miscellaneous. Half the amounts involved represent reinvestment of accumulated profits or appreciation of land values. In addition to reinvestments, the dividends on these British savings add between £5 and £10 million to the British annual income. In 1938 alone, the chairman of the Hongkong and Shanghai Banking Corporation reported net profits of $15,000,000. In addition to these figures, the British have invested between $100 million and $150 million American currency in Hongkong, which is to say that the British have nearly as much in Hongkong as the Americans have in the whole of China.

British investments in China have their lean years as well as their welcome years. The depression necessitated serious pruning of paper values, but the post-depression years brought some high-powered pump priming which revitalized the value of these British investments. The British Government released

Boxer funds for railway construction, it granted credits for currency stabilization and export expansion, and is reported to have agreed in principle with Dr. H. H. Kung, at the time of the coronation, for a long-term loan of £20,000,000. British firms plunged into the swing of Chinese reconstruction as is evidenced by Malcolm and Co.'s contract to improve the water works at Canton, the British and Chinese Corporation's contracts for $35,000,000 (Chinese currency) for railway construction in South and Central China, and the British General Electric Company's $3,000,000 contract for trolley buses and a reported British concession to develop sugar and cotton in Hainan. The war effectively checked but did not completely kill the British financial deals with the Chinese Government. In addition to the Government's political loans, the Peking Syndicate paid the price necessary for extending its mining operations into Szechwan and for obtaining the appointment as the Chinese Government's selling agent for wolfram ore in Kwangtung and Kweichow provinces. Many of the British investments suffered to the point of extinction because of the Sino-Japanese hostilities, and there will have to be wholesale readjustments and revaluations when the hostilities will have ended.

British investments in Japan total $300,000,000 or a ratio of one to four as compared with investments in China. In 1936 there were only 2000 British residents in Japan, or a ratio of one to six and one half as compared to China. British investments in Japan are portfolio investments, that is, they represent purchases of stocks and bonds in the Government, in utilities or in private industries. British investors have no special position in Japan and exercise no control over the disposition of the funds invested. They have the same privileges, and face the same risks as ordinary investors in any western country.

Investments in Southeastern Asia are made under the same circumstances. Subject only to the jurisdiction of the local

courts, the British have invested there one half billion dollars, or three percent of all their overseas investments. 20,000 Europeans have their permanent homes in British Malaya and supply the world with 40 percent of its tin and rubber, 11 percent of its copra, 9 percent of its tungsten and 1 percent of its iron ore. The British have $150,000,000 in the Netherlands Indies, of which $100,000,000 is in the British share of the Royal Dutch Shell. In addition the British have placed some capital in Indo-China, have invested $25,000,000 in the Philippines, and double that amount in Thailand. A British financial adviser is close to the King of Thailand, and British interests control the public utilities and the teak industries.

Britain began the conquest of Burma in 1826, but the country was not thoroughly subjugated until 1886. Burma was separated from India in 1937, when it was made a separate colony because of British concern over the National Liberation movement in India. Burma is considered India's second line of defense and more than one quarter of Burma's revenue goes to the military credits account.

Burma has an area one tenth the size of the United States, and is rich in oil, iron, coal, silver, lead, rice, hemp, hardwood and precious stones. It has a native population of 15 millions, but this population is split by tribal rivalries and speaks 130 languages and dialects. Of the 28,000 foreigners in Burma, all but a handful are British.

In 1931, there were 600 Japanese in Burma, but in 1940 there were more than 4000. Great Britain has completed its share of the Burma Road to the Chinese border and is extending the railway from Rangoon and Mandalay to the upper reaches of the Yangtze gorges. The Japanese look askance upon the construction of these avenues of supplies for the recalcitrant regime of Chiang Kai-shek.

These political, strategic, commercial and financial interests of the United Kingdom give meaning to the development of

British policy, and shed some light on the channels into which that policy is likely to turn in the future.

POLICY TOWARDS CHINA BEFORE 1937

When the merchants of the East India Company reached the coast of South China, they were motivated primarily by the itching desire to reap the profits of an anticipated commercial El Dorado. They entertained no ambitions to assume the political control of the "Celestial Empire" because they had already acquired more territorial and colonial problems than they cared to contemplate. In the picturesque words of Mr. Hubbard:

> The wave of British colonial expansion which had washed over India and Africa had died down to a ripple on the edge of the Far East.

Commercial penetration presented obstacles found in the conditions of trade which the Chinese laid down for the observance of foreigners. The Chinese refused to admit equality before the law, refused even to recognize the desirability of a rule of law, and acted as if they considered all the outside barbarians innately depraved. Their rules and regulations constituted a "maximum of humiliation, inconvenience and hazard" and gave rise to controversies which resulted in war. The Chinese have always insisted that the nefarious opium trade was the cause of the war; the British have replied that the "kowtow" or the assumed superiority of the Chinese over the foreigners was directly responsible. The British Foreign Minister, Lord Palmerston, disclaimed any right to interfere with Chinese sovereignty, but he asserted that taxes levied by the Chinese must be "regular and indiscriminate." He did not defend the British traders who were dealing in opium, but he pointed out that Chinese participated in the trade and

shared the profits. He maintained that the Chinese must enforce their opium rules steadily and impartially, and must not treat British subjects with "violence, insult and injustice." The Liberal leader, Mr. Gladstone, argued that it was "mere mockery to affect indignation at the opium trade and deny the Chinese Government every means to crush it." But Lord Palmerston was positive in his direction of policy and he forced his interpretation of Chinese obligations upon the Manchu regime by superior strength of arms.

The Treaty of Nanking followed the war, and laid the basis not only for the British privileges but also for the general international privileges. British merchants would have preferred special licenses and discrimination in their favor, but the Foreign Office stood for most-favored-nation treatment and freedom of competition in Hongkong and the treaty-ports. For the next half century, the British merchants in China chased their rainbows of riches and treated the individual Chinese with an "air of aloof complacency and irritating assumption of racial superiority." The British Government, on its part, interfered as little as possible in commercial disputes, and sought to establish closer contacts with the Manchu authorities at Peking. The British officials judiciously refrained from exerting pressure which would threaten the independence and safety of China. This course of action fitted in with British purposes and enabled British merchants to control two-thirds of the China trade down to the time of the "Battle of Concessions."

The British hesitated to depart from this embryo Open Door Policy, but they felt obliged to discard it temporarily because of the threatening activities of Germany, Russia and France. These three nations acting together were much too powerful for the single-handed opposition of the British, so the wise course of action seemed to be to participate with them in the successive spoliation of China. The British were prepared to "see the integrity of China infringed to a certain

extent by Other Powers to prevent its being discarded entirely." British action hurt China but it prevented a top-heavy "unbalance of Power" and it safeguarded British interests. Lord Palmerston's dictum is an obvious and often-demonstrated truth, which might, of course, be applied to any Power:

> Britain has no eternal friends, no eternal enemies, only eternal interests.

After the Russo-Japanese War, fundamental changes took place in the world situation which enabled Great Britain to return to the system of equality of commercial opportunity. In the first place, the United States entered the arena of Asiatic politics with a flamboyant pronouncement of its devotion to the Open Door. Secondly, Japan looked kindly upon cooperation with the British and signed the alliance which guaranteed British security in the Far East and in the world at large. The system of Anglo-Japanese-French-Russian inter-Power agreements presented a solid front against and a favorable balance of power with Germany, Italy and Austria. In the third place, Russia had been exposed as a colossus with feet of clay. It pulled up its stakes in the Orient and turned its expansive energies towards Constantinople. Russian-Austrian rivalries for ten years in the Balkans kept the Great Powers on the edge of the European volcano which finally erupted in 1914. While political crises riveted the attention of the world on Europe, bankers and railway builders in China carried on their subtle but bitter competition for favors from the local and central political officials.

The Boxer uprising served warning that the Chinese would eventually rise against imperial encroachments. The effect on the British was the negotiation of the Mackay Commercial Treaty which in its liberalism foreshadowed Austen Chamberlain's policy of conciliation. The British Treaty promised

the relinquishment of unequal privileges when and as the Chinese Government could assure satisfactory protection of British lives and property. It asked for no new political privileges, and as a matter of fact, endeavored to hasten the return of rivalries in China to an economic basis. The British had been able to give a good account of themselves in economic competition; but they were handicapped in political manoeuvering by their devotion to laissez-faire principles.

When the tottering Manchu regime finally toppled in 1912, the British protested a "constitutional sympathy to democratic movements," but they chose to serve their immediate interests by opposing the revolutionists and supporting the Peking administration. They backed the wrong horse in both cases, and they had to pay for their bad guesses, or for their short-sighted muddling, in the anti-British movements of the Kuomintang at a later date.

During the World War, the British had to treat the situation in China as a side issue. They saw their trade and investments losing in importance to the growing menace of Japan. They had no alternative, however, to acceding to the Japanese grabs of territory and monopoly in China. As the Japanese expanded, they tended to crowd the British out. But the Japanese bubble burst in 1922 and the British took advantage of the day of reckoning at the Washington Conference.

There the British made known their intention to contribute to the stabilization of conditions in Eastern Asia by heeding the Chinese demands for equality and by contributing to Chinese unification and prosperity. The British sought to maintain and enhance their own position by balancing the power of the United States against that of Japan. While these two rivals would check one another, the British reasoned they could do practically as they pleased. The British sought no new advantages, but strove desperately to preserve their position of leadership by subscribing to the proposals of the United States for collective security. The British wanted

nothing more than a guarantee against sudden and violent changes, but that guarantee proved much too elusive to catch and to stow away.

When Chinese resentment against Great Britain as the chief architect and upholder of the treaty system threatened to destroy British prestige and British wealth, the Government had to reconsider the bases of its action. It took a bold step and decided to implement the promises which it had already given. Near Christmas time in 1926, the Foreign Secretary, Mr. Austen Chamberlain, sent a memorandum to China which offered surrender of British privileges without insistence upon a prior strong central government. In pursuance of this triumph of "enlightened common sense," the British returned to China the leased area at Weihaiwei, certain of its concessions in the treaty ports and the British share of the Boxer indemnity. They admitted Chinese on an equal footing in the governance of the concession at Tientsin; they abandoned privileges they formerly claimed in connection with missionaries, persons of dual nationality, and the trial of suits in Chinese courts; they agreed to tariff autonomy; they released from foreign control the surplus revenues obtained from the customs; they admitted Chinese on the Council at Shanghai; and they permitted the Mixed Court at Shanghai to be incorporated into the Chinese judicial system. British stock in China went up by leaps and bounds, and the British came to be looked upon as the real defenders of the Chinese and the West against the rising storm from across the Yellow Sea.

After the events of 1931 and 1932, the British policy towards China became one of cooperation in political unification and economic reconstruction. The Japanese opposed both objectives because the "first implied extinction, and the second, ruin" of the special position of Japan. But the British supported Chiang Kai-shek in his anti-Communist campaigns, refused to aid Chinese in rebellion against the Central Govern-

ment, and withheld recognition from puppet regimes established without Nanking's consent. In the economic sphere, the British encouraged exports to China by liberal grants of credit, financed railways and other reconstruction measures, and sent their most outstanding economic adviser to rehabilitate the Chinese currency. When the British invited the Japanese to cooperate with them in Chinese reconstruction, the Japanese declined with thanks. And behind the scenes in Tokyo, the most outspoken of Japanese leaders intimated that every moment lost against Great Britain from now on represents an incalculable loss to Our Imperial Throne.

RELATIONS WITH JAPAN BEFORE 1937

The British followed the lead of the United States in jarring Japan from its self-imposed isolation from the Western world. They joined in clamping upon Japan a series of unequal treaties, and they interfered directly and indirectly in the complicated Japanese politics of the Restoration period. The British wanted the proverbial law and order as an aid to their own trade, and they reasoned that the return of the Emperor to power would be the best guarantee of that order. They opposed the Shogun, and they opposed any radical desires on the part of the Japanese to send their military expeditions into Korea and China.

When in 1894 the Sino-Japanese War broke out, the British were fearful lest a long drawn out struggle should result in the mutual exhaustion of the belligerents. In which case, Russia would step in and walk off with the fisherman's prize. The fisherman's prize refers to the fable of the kingfisher and the clam who fought until each had worn the other out. Then the fisherman calmly and easily picked them both up and put them into his basket.

Japan's short, easy victory revealed the mainsprings of its power. The British were not slow to appreciate the significance of Japanese military possibilities, and they took two of

those steps which can be forever boasted about. They took the lead in abolishing the treaty indignities at which the Japanese chafed, and they refused to join the French-German-Russian *démarche* vetoing the annexation of the Liaotung peninsula. This easy purchase of Japanese good will paved the way for the Japanese alliance and the treaty system which lasted until the Washington Conference.

British-Japanese relations during the World War were none too cordial as the British were also "constitutionally opposed" to the Japanese advances towards a monopoly in China. The disgorgement of the Japanese from Siberia and their reluctant withdrawal from Shantung provided an excellent opportunity to readjust relations, but not on the basis of the anachronous alliance. The Russian and German menaces had disappeared, the United States frowned upon the alliance, and the Dominion of Canada turned thumbs down against its renewal. The British thereupon entered into the omnibus agreements as the means of obtaining free competition in China and removing the danger of an imminent naval race. In the words of Professor Arnold Toynbee:

> China was the stake for which the game of naval competition in the Pacific was billed. In order to stop the game, the stake must be removed from the table, and conversely in order to save the stake from seizure, the game must be stopped.

The attacks of the Kuomintang against the British in China after the Washington Conference, plus the preoccupation of Japan with its internal affairs and its Shidehara policy, prevented clashes of words or acts between the British and the Japanese. But the Japanese resented Mr. Chamberlain's Christmas present to China and told him that he would soon learn that the "bees sting a crying face." The Japanese felt that the British were trying to steal a march on them in China policy and consistently opposed the British efforts at Chinese

reconciliation before the outbreak of the Manchurian incident.

From 1931 until 1937 the British were faced with some knotty Japanese puzzles. The Dominions had offended Japanese sensibilities by their immigration policies. New Zealand permitted immigration by permit only, Canada excluded the Japanese by special legislation, and Australia enforced a white Australia policy by means of the dictation test. The Dominions had also united with the United Kingdom and the Colonies in placing quota restrictions or prohibitory duties against the import of Japanese goods. The Empire had been panicked into hasty retaliatory action by the spectre of the rapidly growing commercial and industrial competitive peril from Japan. And then with the breakdown of the naval treaties, Great Britain felt obliged to reconstruct her fleet with the definite objective of preserving her Oriental security from possible attacks from the expanding navy of Japan.

The chief bone of contention was, of course, the China policy. In the minds of the Japanese, Great Britain was primarily responsible for the action of the League of Nations in attempting to throttle the Japanese designs. British statesmen were blamed for guiding the Assembly into the path defined by Secretary Stimson's doctrine of non-recognition. Therefore, Great Britain was singled out to bear the brunt of Japanese resentment for the ill-starred conciliatory efforts of the League. This unfortunate psychological tension between Great Britain and Japan, in addition to the tremendous economic problems of the depression years, complicated British efforts to determine upon a profitable course in Eastern Asia.

The British Government attempted to ride both the Chinese and the Japanese horses at one time, so it would come out on top no matter who should win. While it was extending help to Chiang Kai-shek and opposing the Amau declaration of special interests and economic rights in China, it was simul-

taneously endeavoring on the Japanese side to keep the Manchurian question in cold storage and let Sino-Japanese issues drift into a new harmony based on the recognition of the cold hard facts of the military situation. The British exerted determined efforts to placate Japan and to reach an agreement which would at least set a limit upon Japanese ambitions. The British were impressed by the success of the Japanese military and economic measures in the north, they were embarrassed by the growing complications of the situation in Europe, and they were fearful that the new Democratic administration in the United States would reverse the pro-Chinese propensities of its Republican predecessor. The British Government dispatched an economic mission under Lord Barnby to Manchoukuo to study the possibilities for British financial participation in the development of the new country. Lord Barnby reported optimistically his belief that "difficulties will be overcome and that economic prosperity will gradually be achieved to the benefit of the industry and trade of other countries." He praised the Japanese for their success in foreign trade and recommended that the British appoint a committee of the Federation of British Industries to cooperate with the Japanese Economic Federation. He analyzed meticulously the specific avenues of opportunity for British business men and recommended the most likely procedures for British exporters to follow. He expressed his faith in the future market for capital goods and he declared he "would not mind deferred payments, especially if the South Manchurian Railway were party to the transaction." Thus while the right hand of Downing Street was registering protest against the Amau statement, the left hand was exploring ways and means to make effective its application.

The feverish activities of the British in China throughout 1935 and 1936 did not prevent their attempting to come to an understanding on fundamentals with Japan. Mr. Frederick Leith-Ross vainly endeavored to internationalize his scheme

for bolstering the Chinese currency and he visited Tokyo on two or three different occasions in search of a basic Anglo-Japanese agreement with regard to China. His failure did not discourage further British initiative, nor prevent subsequent *pourparlers* between the two Governments. By the spring of 1937, the Japanese ambassador in London had entered into detailed conversations for far-reaching readjustments in every phase of Anglo-Japanese relations. The Japanese were disturbed by the reports of the huge loans which Dr. Kung was supposed to receive at the time of the coronation, and they would have welcomed a modest portion of those sums for use in bolstering their own declining export trade. They would not have been averse to a return to favor in the western-state system, and the British negotiations provided a means of side-stepping any apologies to the League. Moreover, they would have considered it a good bargain to trade recognition of their special sphere in North China for a promise to stay north of the Yangtze watershed. And in all probability they could have obtained a relaxation of the restrictive import measures which had raised a "No admittance" sign for Japanese goods in imperial markets.

The British on their part stood to gain from a compromise with Japan. The British desired a Japanese promise not to interfere with the Chinese reconstruction development and not to encroach upon the British preserves in Central and South China. If they could obtain these assurances, they would feel free to check or at least limit their rearmament program. According to an uncannily-prescient editorial in the London *Times* on March 4, 1937:

> Great Britain is fully prepared to recognize the obvious fact of Japan's special position in regard to China but she cannot view with sympathy the attempts to consolidate that position by methods which have—without the approval of a wiser and more foresighted element in Japan—too often been employed during the last six years. Once her deeds have proved that her intentions to-

wards China are as honorable as she protests they are, Japan will not lack sympathy and assistance from this country which has long been bound to that other island empire by ties of mutual friendship and respect.

There is no question that the bases for a mutually profitable and agreeable understanding between Japan and Great Britain existed in the spring of 1937. There is no way of knowing yet just how far the diplomats had proceeded in reconciling their conflicting claims. But history may well show that the British had actually acquiesced in the Japanese program in China, only to have that victory annulled by the impatience of the Japanese militaristic leaders.

POLICY DURING THE SINO-JAPANESE HOSTILITIES

The British record of positive help to China during the Sino-Japanese hostilities was surprisingly empty in view of the extensive stake which was placed in jeopardy. The explanation that Great Britain was forced to curb its desires to help Chiang Kai-shek because of fear of retaliation from Japan is unsatisfactory. Great Britain suffered all the retaliation, even before it dared to profter aid. The exigencies of the successive European crises, and a distrust of American support, understandably tended to prevent a strong stand such as would have been the pride of the British lion a generation ago.

The British extended sufficient aid to the Chinese Government to see that China neither quit nor slipped into anarchy. They had permitted the shipment of arms and munitions through Hongkong until January 1939 (with the corresponding profits to British traders, of course), and had granted one paltry loan of $2,000,000 in 1938 for trucks and military equipment. The Prime Minister then declared that no other loans had proved possible, but that British finances would be available for reconstruction after the war. Some pessimistic observers interpreted this pronouncement as a bald blessing

on Japanese aggression and a bland warning that the British banks could be relied upon to come to the aid of China through Japanese intermediaries. However, subsequent developments did not entirely accord with this interpretation. The Export Credits Guarantee Department made possible political loans without adequate commercial security and it may be that other credits were made available to China under these circumstances. Then in March 1939, the British Treasury guaranteed a loan of $25,000,000 extended to the Chungking Government by the Hongkong and Shanghai Banking Corporation and the Chartered Bank of India for the stabilization of Chinese currency and for "material assistance to British trade and enterprise in China." This loan thwarted for a period the Japanese attacks on the Chinese currency position and prevented the Japanese from cashing in completely on their victory in North China. On December 10, 1940, the British made available for China a further credit of £10,000,000, half to be spent in countries within the sterling bloc and half to be used for the stabilization of Chinese currency.

The dominant British preoccupation has not been helping China, but has been defending its rights and interests against Japan. The British defense has been to a large extent merged with the general international defense against the indiscriminate Japanese attack on all foreign prerogatives in China. But the British have been selected for individual and discriminatory attention which has been more humiliating and more disastrous than that received as the *primus inter pares* of the treaty Powers.

Japanese Anglophobia has its historical roots in the Anglo-Japanese alliance. Many Japanese are convinced that the alliance was one-sided, giving more to Great Britain than Japan received in return. When the shift in the international situation promised to make the alliance of value to Japan, then the British went back on their bargain and demanded its abroga-

tion. The anti-Japanese policies of the Dominions, the trade-retaliation measures of the Empire as a whole, and the alluring attractions of the British possessions in the South Seas have filled to the brim the Japanese cups of resentment and envy. The success of British enterprise in China stirred the Japanese with the same emotions of frustrated jealousy as inspired the young Kuomintang officials a decade ago.

More recently, the British sympathy for Chiang Kai-shek, and the toleration of the arms traffic through Hongkong, have conferred upon the British the doubtful distinction of being Japan's third enemy. Japan accuses Britain of seeking an outright British-Chinese alliance aiding the transportation of Chinese war supplies, stirring up the natives of the South Seas against Japan, and directing the manoeuvres of the Chinese air force. A young Japanese party, the "Allied Comrades on Policy towards Britain," composed of former diplomats, ex-soldiers and right-wing politicians is most violent in the Japanese propaganda campaign to drive the British out of Asia. Every branch of the army, the civil service and the business community has experienced the bitterness of rivalry with the British and has permitted the spite which it feels to crystallize in a campaign of hate and vilification. German and Italian prompters add fuel to the flames by reminding the Japanese of the British role in the League of Nations, by nominating the British as the real enemy which has caused the military difficulties in China, and by suggesting that Japan has nothing to be ashamed of in being brought to a stalemate not by the third-rate power of China but by the first-rate power of the mightiest nation in the world.

The ten-sen press of Japan is unreservedly anti-British and with other agencies of information is completely at the disposal of the Government in Tokyo for the intensification of an atmosphere which is already overcharged. The Japanese Army Information Bureau has declared:

Never in history have the Japanese people borne in their hearts such hatred of Britain as exists today. . . . British policy is destroying peace and order in the army's rear and hampering Japan's wish to create a new order in Asia. . . . The British and the Japanese were destined to become enemies directly Britain dropped her alliance with Japan. No one could guarantee that those who have lost brothers or fathers or husbands on the China front would not continue to hold this feeling, even if British assistance to General Chiang should end at once.

Some of the Japanese periodicals have published opinions on British policy which are outspoken and inflammatory.

There is probably no country in the world that has not at one time or another been made a sucker by Britain.

For my part, I am all for giving Britain a painful little blow so that it will realize that Japan means business.

Be at ease, how can Britain show fight?

Unless Japan peels off the thick skin of the British for all Orientals to see, eternal peace will not dawn in Eastern Asia.

There is every necessity for eliminating British influence over China in order to achieve the aim of making China return to the principle of Sino-Japanese coexistence and prosperity.

If an enemy wishes to shoot Chiang Kai-shek, he must first shoot the Russian and British horses which Chiang is riding.

Japan must control the International Settlement and the Customs, if economic interest in the Yangtze Valley is not to be restored to British capitalists.

British capitalists are ghosts who absorb our blood and sweat.

These are not the slogans of the wild-eyed demonstrators who lead the mobs in throwing bricks in the embassy lawn or who direct the cheering of the masses in the Tokyo parks. They are the reasoned sentiments of responsible men of high position in government circles. They are the opinions of the authors of pamphlets and speeches which are broadcast to vil-

lage councils, to meetings of prefectural governors, and to chambers of commerce throughout the land. These anti-British sentiments are burning deep in Japanese souls. It may prove difficult even for a highly centralized propaganda machine to explain away at a later date the hostile ideas which it is scattering now.

The whole anti-British campaign has swept forward in a crescendo of bitterness. It is skillfully directed and consciously guided towards a definite objective. It is an effective weapon for alarming the British and influencing negotiations, but it is of limited value in sustaining a suicidal war. Still, Japanese do not concede that a war against Great Britain would be a suicidal war. One of their naval lieutenants has written a reasonable analysis of the hostilities which will take place when "Japan Must Fight Britain." He prefaces his study with quotations from Sung Tzu to the effect that "the successful fighter plans his victory and then gives battle; the unsuccessful gives battle and then looks for victory."

But in Japan there are some elements which have grown up under the shadow of the British alliance and which have grown wealthy and prosperous by copying the British techniques. Although these moderate elements have nourished deep in their hearts a jealousy of Great Britain, and perhaps a conviction of an ultimate show-down against her, nevertheless, they insist that Japan's burdens are far too heavy for any rash adventures at the present time. They are not bowled over by sheer military display and they have a silent contempt for the efficacy of an out-and-out alliance with Italy and Germany. They are English in speech, in taste, and in admiration of British achievement. Their point of view with regard to Great Britain is expressed in an editorial in the *Oriental Economist* of May 1939 (p. 309):

Our opinion has all along been that Japan should negotiate with England for a solution of mutual problems arising out of the Sino-

Japanese conflict. Since the beginning of the hostilities, England has become so unpopular with the Japanese people that it still requires a fair measure of moral courage to advance this sort of argument in public. England has more rights and interests in China than any third power. Two courses are open to this country in dealing with Great Britain; one is to fight her to the bitter end and drive her out of China. In taking this course Japan must be quite certain of her strength. The other course, which seems more sensible, is to settle the pending problems by negotiations based on the principles of give and take.

England is most realistic as may be inferred from her attitude on the Ethiopian and Spanish questions. The present time is the best time to make the attempt to settle [outstanding] problems. One reason is that the hostilities in China have now reached a stage where Japan's energy and effort could be more profitably devoted to construction than to destruction. Besides, England is hard pressed in Europe and might be more disposed to make concessions in the Far East.

The commanders of the Japanese forces in China were not inhibited by any pacific intentions such as those expressed in the *Economist*. As a matter of fact, they approached extremes of abandon in their ruthless attacks against the persons and property of British subjects in China. The British ambassador was machine-gunned from an airplane under circumstances which could scarcely be dismissed as accidental, and a British colonel in the office of the Military Attaché was tried in Kalgan before a Japanese Court Martial. One British business man was kidnapped from his residence in Tientsin, and a British foreman in a Shanghai mill was fatally stabbed when trying to resist Japanese interference with Chinese workmen under his charge. British missionaries were wounded by "bombs which went astray," and a Canadian missionary and his wife were killed in June 1939 in a bombing raid against their mission in Changteh, Hunan, which had all the earmarks of a deliberate attack. A British journalist in Tokyo was taken in an espionage drive, and he jumped to his death before he could be cross-questioned by the police.

British river boats have been under fire from machine guns and aerial bombs time after time on the Yangtze River. The "Tuckwo," the pride of the Yangtze fleet of Jardine, Matheson and Co., burst into flames and then sank as a result of a direct hit from a Japanese bomb. Business houses, factories, wharves and public utilities in the war areas have been burned and full compensation will probably never be forthcoming. Mission properties have been taken over as barracks by the Japanese soldiers, and they have been thoroughly and systematically looted of everything of value. The evacuated homes of the missionaries of the China Inland Mission in Shansi were completely stripped of their contents during the height of the anti-British campaign in China during the summer of 1939. Japanese and British officials have actually come to blows during meetings of the Shanghai Municipal Council.

The undisguised assaults of the Japanese against the treaty system have inflicted most damage upon British interests. The industrial monopolies, the "protected" trade, and the juggled revenues have fallen hardest on British shoulders. The strangulation of shipping, the freezing of merchandise in the godowns along the docks, and the uncertainty of wharfage and lighterage accommodations have resulted primarily in the tie-up of British shipping.

The pacific blockade of the South China coast, the planting of mines and bombs in the harbors at Swatow and Foochow, and the closure of inland navigation were all measures designed primarily to teach the British that their sun is setting in Eastern Asia.

The British have protested together with the French and the Americans against the barring of foreign ships on the Yangtze. The Yangtze had been open to trade and navigation since 1858, thanks to extraterritoriality and foreign gunboats, and the British wanted to return to pre-war operations. They dismissed as so much bunk the Japanese allegations that the river was unsafe because of floating mines, treacherous booms

of sunken ships, and the forays of guerillas along the shore. The British insisted that the river was wide open for the Japanese and that the Japanese were carrying on a profitable trade with their fake military supplies. Representatives of a British newspaper in Shanghai actually sailed up the river and obtained documentary proof of the ordinary commercial activities of the Japanese, but the Japanese dismissed their findings and declared "they would be considered after Chiang Kai-shek shall have changed his attitude." The British merchants have been helpless in face of their Government's acquiescence in the Japanese program of discrimination.

British investors have suffered from the defaults on Chinese bonds caused by the Japanese diversion of customs revenues, and they can not hope to recoup for a long period of time the immediate and remote losses due to the general dislocation of trade, the dissipation of wealth and the destruction of the expanding Chinese market. They can only cool their heels and their tempers while they wait for their Government to take definite steps in their behalf.

On January 14, 1939, the British Government sent to Japan a note making clear the British policy. It followed by three months a note of similar import which Washington presented to the Japanese Foreign Office. This note expressed the "uncertainty and the grave anxiety in which His Majesty's Government in the United Kingdom have been left by study of Japan's new policy" to subject the economic activities of other Powers to "restrictions dictated by requirements of national defense and economic security of the proposed [tripartite] bloc." The note continued:

> His Majesty's Government are at a loss to understand how Prince Konoye's assurance that Japan seeks no territory and respects the sovereignty of China, can be reconciled with the declared intention of the Japanese Government to compel the Chinese people by force of arms to accept conditions involving

the surrender of their political, cultural and economic life to Japanese control.

Then it went on to say that the United Kingdom was not prepared to accept or recognize changes of the nature indicated which are brought about by force. Furthermore, England "intends to adhere to the principles of the Nine Power Treaty" because until the outbreak of hostilities "the beneficial effects which the treaty was expected to produce were steadily being realized."

> If therefore the Japanese Government have any constructive suggestions to make regarding modification of any of the multilateral agreements relating to China, His Majesty's Government . . . will be ready to consider them.

The note concluded with a tart observation that "Japan is prepared to give consideration to the abolition of extraterritoriality and rendition of concessions and settlements in China . . . for if [the Japanese] succeed in their plans for control of the country, they will have no further need for extraterritoriality or concessions." The United Kingdom "will discuss these questions with a fully independent China when peace has been restored," and in the meantime it "will welcome more precise and detailed exposition of the Japanese conditions for terminating hostilities and of the Japanese policy toward China."

The Japanese side-stepped the issues as raised by the British and launched into outrageous attacks against the British in the treaty ports. Neither British nor Chinese investments or security was safe in the treaty ports since their neutrality had been disregarded. The whole tenor of life became a nervous dread of what the Japanese military might do, because the residents in China realized most clearly that not even Tokyo was able to guarantee safety and protection from military whims. On October 12, 1940, the British Government advised British

subjects to evacuate Japan and Japanese-occupied China.

After the early troubles in Shanghai, the Japanese turned their attention to the British in Hankow. Late in 1938 the Japanese exhibited a friendliness for French and Americans there, but they showed their scorn for the British. They molested Arnhold and Co.'s cotton spinning and weaving factory in Wuchang and tied up their own vessels defiantly at British pontoons. The sentries permitted other nationals to go and come as they pleased, but they interfered with British movements. They appropriated the automobiles of British citizens, and they sealed the British concession from six in the evening until six the next morning. The bitterest irony in the Japanese treatment becomes apparent in view of the fact that the British prevented the destruction of the most valuable Japanese properties in Hankow before the Chinese retreat, and were quick to hand over to the Japanese the right to police the former concession area.

Then in June 1939 the Japanese unleashed a furious assault upon the British concession at Tientsin. The British concession there occupies 940 acres and has a population of approximately 50,000 souls, nine-tenths of whom are Chinese. It is the headquarters of the wool, coal, textile and flour trade of North China, and in addition is an important railway center and shipping port. The British have invested about $50,000,000 there and another $125,000,000 in the remainder of North China. It is the most isolated of British outposts, so Japan felt most secure in its attack against this unprotected British Municipal Area.

Even at the cost of potential losses to themselves (since they had lighters in mid-stream filled with military supplies which would be ruined if rained upon before landed at the wharves in the British concession), the Japanese announced a blockade to be effective until the enemy characteristics should be eradicated from the British concession. In a perfect gem of understatement, the Japanese commander in North China,

General Sugiyama, declared he would "restrict traffic" until his demands were complied with. His restrictions consisted of an absolute blockade of fresh foods which meant that the sweltering inhabitants of Tientsin had to go without ice, milk, fish or fresh vegetables at the very height of the summer season. The Japanese troops electrified the barriers, and permitted no one to go in or out of the British area. They censored all communications with the outside world and they inflicted indignities upon British subjects, which made the British people throughout the world gnash their teeth in indignation and righteous rage. On the pretense of searching for bombs, the Japanese sentries stripped British subjects, publicly ridiculed them with unprintable obscenities, and resorted to such irritating procedures as slapping their mouths or parting their hair with confiscated passports. The British Government tolerated these "intolerable insults" for weeks before the Japanese consented to negotiate on Tientsin issues at Tokyo.

The Japanese "demands" upon which negotiations were based were ill-defined and obscure. The Japanese army officials presented one group of demands; the puppet Government in Peking presented another group; and the Japanese official news agency, a third. The Tokyo Foreign Office made no distinct effort to inform the world if it had its own demands or if it chose to proceed on a composite of the three groups.

The army, as usual, was most extreme in its demands. It blamed the British for hindering the campaign against Chiang Kai-shek and therefore insisted upon a categorical abandonment of their entire pro-Chinese attitude. It declared that it would be under no obligation to respect or protect British property unless the British handed over immediately their territorial rights in the Concession, cooperated in the Japanese currency policy in China and conceded to the Japanese army the right to inspect Chinese stores, banks and exchange shops, and

the right to supervise public opinion. The puppet Government of Peking added to this list of demands, a demand to take over or at least participate in the government of the Concession. The Domei news agency interpreted these demands in order to make the most palatable dish for Japanese readers. It informed the Japanese people that negotiations in Tokyo would result in British cooperation in the whole Japanese policy in China. For example, the British would cooperate in turning over to the Japanese $50,000,000 in silver which was on deposit to the credit of Chinese accounts in the foreign banks, would cooperate in putting the Federal Reserve notes on a sound basis, would concede the Japanese right to control terrorism in the Concession, and would grant the Japanese belligerent rights in the ports without insisting upon a formal declaration of war. The British press denied these broad bases for negotiation and declared that the release of the terrorists who were suspected of killing an agent of the puppet Government would be the only subject of discussion.

Throughout the period of negotiations, the Japanese used various devices to whip up Chinese sentiment against the hypocritical motives of "your British masters." They organized an "All-Tientsin Anti-British League" and an "Anti-British Patriotic League" with branches throughout North China. They preached an anti-British boycott and they paid children and riff-raff to parade and scatter leaflets denouncing the cruel imperialism of Great Britain. They intimidated and terrorized Chinese employees in British firms and they printed huge advertisements in the daily papers announcing that house-boys who refused to leave the employ of their British masters would be guilty of obstructing the New Order and their families would be punished accordingly. The Chinese police in the Concession received threatening notes and the Chinese peddlers were warned to avoid their British customers. Throughout the extent of North China, as well as throughout the mainland of Japan, the Japanese officials

deliberately sowed the seeds of hate which might very well sprout into terrifying proportions.

The episode at Tientsin contained much more than local significance.

It became a trial in prestige between "Japan and John Bull" and exposed the latter to public humiliation. It "gave the British Empire a shake in one corner in the hope that the whole structure would be weakened and showed the world that 'Civis Britannicus sum' is no longer the boast that it used to be." The Chinese delegate to the League of Nations commented tersely that "the sky is thick with chickens coming home to roost, because the Tientsin dilemma is the direct product of Sir John Simon's hesitancy at Geneva."

The British Government refused to be stampeded into any precipitate action. The press howled against any Far Eastern Munich. "An old China-hand" voiced majority opinion very graphically when he declared: "We have good cards and we ought to play them. Japan holds a pair of deuces and plays as if she had a royal flush." The most outspoken critics of the Prime Minister demanded immediate closure of Singapore and Penang against Japanese shipping. Lord Elibank (who had been one of the most ardent advocates of an understanding with Japan) stated that "we should show Japan that two can play at the game of discriminatory duties." The *Times* pointed out that in the past Japan had been robbed of the fruits of victory by the periodic financial strains which characterized the let-down after the military apogee. Others intimated that economic pressure in the form of abolishing most-favored-nation treatment for Japanese imports, of cancelling the commercial treaty of 1911, or of extending more credits to Chiang Kai-shek might have telling consequences on Japanese arrogance. An immediate ripple in public action which was caused by the interpellations in the House of Commons was the campaign to buy Canadian salmon instead of Japanese salmon and to force the clear identification of

Japanese raw materials which disappeared into British finished products.

But the mills of the British public and of the British Government ground slowly, the more so because so much of the driving power generated in the Far East was spent before it exercised its influence on attitudes and acts at home. Even the Prime Minister was led to remark however that

> indeed if it were not that China is so far away, and that the scenes that are taking place there are so remote from our everyday consciousness, the sentiments of pity, horror and indignation, which would be aroused by a full observation of those events might drive this people to courses which perhaps they have never yet contemplated.

Fortunately or unfortunately, the heavy summer rains sent the Hai River flooding over its banks at Tientsin. The raging waters gave the Japanese and the British something to think about besides their own arguments. Disaster, plus time, exerted a cooling influence on tempers—particularly because the disputants had become involved in the meantime in a more serious quarrel in Europe.

Sir Robert Craigie assured the Japanese that the "innate good sense of both nations should prevent temporary animosities from hardening into permanent estrangement" and that the only "real differences had been overlaid by a mass of misunderstanding and misrepresentation all too often fostered by the unwelcome attention of third parties." The excellent soother then explained that "we British and the Japanese hold in common our reverential love and deep respect for our reigning houses, our system of religious tolerance, our respect for traditions which go to ensure the stability and durability of our two empires, and our struggle for the same objectives: lasting peace and the preservation of our institutions from extraneous subversive influences."

This application of honey foreshadowed a definitive accord

on the Tientsin issues. In June 1940, the Japanese agreed to remove the barricades when the British gave in on every one of the outstanding issues. With the reported assent of the Chungking Government, Great Britain allotted $400,000 of the Chinese silver in the banks with the seals of the Japanese and British consulates pending future arrangements. Then the British promised to place no obstacles against the circulation of Japanese Federal Reserve notes in the British Concession. Finally, British authorities acquiesced in Japanese cooperation for the suppression of terrorism and acts prejudicial to the security of Japanese armed forces. Japanese gendarmes could offer information and be present when British police should take action in supervising the sale of arms and explosives, in censoring publications, movies and radio broadcasts, and in regulating public political meetings.

While the Japanese made ready for further challenges against the British position in China, they demanded and obtained the British assent to the stoppage of "munitions, petrol, lorries, and railway materials" through Hongkong and over the Burma Road for a period of three months (July 17 to October 17, 1940). Prime Minister Churchill explained to the House of Commons that Britain desired to see a free and independent China, but it also desired to improve its relations with Japan. The two great essentials for these objectives were time and relief of tension. The Burma Road agreement would contribute towards both objectives. After the conclusion of peace, Britain would be ready to negotiate with the Chinese Government the abolition of extraterritorial rights, the rendition of the concessions, and the revision of treaties on the basis of reciprocity and equality. In the meantime, Britain wished to collaborate and contribute by processes of peace to Japan's achieving that state of prosperity which would ensure to her population enhanced welfare and economic security.

This whistling might have bolstered some British courage, but it also offended some British sensibilities. A Conservative

member of Parliament reminded the Prime Minister that the Far East presented the acid test of sincerity in the British interpretation of the issue of right versus wrong, civilization versus barbarism. "If in the name of self-preservation we surrender to Japanese blackmail we betray the principle which gives our cause its real inspiration and the sympathy of the world."

The Chinese declared that British action was illegal and unfriendly. It violated international law, British treaties with China, and the resolutions of the League of Nations. It aided and abetted China's enemy. Secretary Hull commented that the United States had a legitimate interest in keeping open arteries of commerce in every part of the world, and that such actions constituted an unwarranted interposition of obstacles to world trade. Japan and Britain tersely retorted that their agreements were their own business, and that they would handle Far Eastern issues in their own way. What would their own way be in regard to Shanghai, Hongkong, the Indies and Singapore?

ALTERNATIVES FOR FUTURE POLICY

At least four courses have been contemplated, which represent alternatives for the British Government to choose in its coming activities. What is the most advantageous policy to pursue in answer to the challenges from Japan? The first alternative is to clear out of Eastern Asia, but that is "unthinkable" to all British opinion-groups. Aside from the prestige involved, it would mean increased burdens for the taxpayers, greater unemployment and a lower standard of living. The second alternative is to reach an understanding with Japan. The Government realizes that this procedure would displease the United States, would betray the Chinese, and would shock the British public. The British public, insofar as it can be expressive and personified, is unmistakably opposed to any attempt to make a settlement, just for the sake of a

settlement, at the expense of China. However, in many influential circles there is the memory of Japan as a good friend and faithful ally. There is also the spectre of a Russia which, it is believed, can not be trusted around the corner. These circles argue that if only Japan would be reasonable it would be easy to bring enough pressure on Chiang Kai-shek to make him surrender. Let Japan restore order and prevent anarchy and Communism in North China. North China means little to the man in the street and the Foreign Office is far from Shanghai. Surrender to Japan, if you have to, at the periphery of the Empire and keep the center intact. Stop the Sino-Japanese controversy while there is still the ghost of a chance for the Japanese moderates and while there is still time for forestalling rumblings in India, Persia and Egypt. "The war-mongering pacifists who shout encouragement to Chiang Kai-shek to fight to the last man, may be paying adequate tribute to the sacredness of principles, but such advice given from the safety of the foreign areas of Shanghai savours too much of unreality."

The third alternative is to remain patient, to continue to ignore or excuse the Japanese insults, and to pile up notes against Japan for future collection. The fourth and final choice before the British Government is to defend its interests with positive measures, leading to sanctions and perhaps to war with Japan. This the "put-up" half of the "put-up or shut-up" dilemma. And it is hedged about by some very pertinent considerations. The Government is not convinced that it is necessary to break off all amicable intercourse with Japan. It insists upon the respect for treaty rights, but it is willing to negotiate. It must think of economic appeasement of the genuine grievances of the Japanese and must do everything honorably possible to make peace before it talks about preserving peace. These hedges give rise to the impressions that Great Britain is arming the aggressors and stimulating them psychologically by giving the appearance of being

afraid. With appeasement there is certain to be the stigma of cowardice, but that does not relieve the Government from carrying out its responsibility for sharing or redistributing the good things of life. But if it believes that it has honestly carried out its share of the bargain, then it has the alternative of standing firm and resisting by war.

But the issues between the United Kingdom and Japan are further complicated by third-Power relationships. The United Kingdom has friends and enemies it must consider, and in the words of its own former Foreign Minister it will "go as far as the United States in full accord with them, not rushing ahead and not being left behind." He said he would be willing to travel not only from Geneva to Brussels but from Melbourne to Alaska to obtain American cooperation, but then so would anybody else who has a fondness for planes and boats.

Both the great democracies are wealthy powers and they have everything to gain by insisting upon changes in the status quo only by peaceful methods and orderly processes. They pursue similar or parallel courses in the Orient, not because of any challenge to their liberties, but rather because of simultaneous challenges to their rights and interests. The one Power will lag behind the other when its stake is less in jeopardy. Witness the lag of the British Foreign Office in 1932 and the lag of the American State Department in 1939. Neither Power places implicit confidence in the actions of the other. Great Britain is convinced that the United States will never use sanctions in the interest of collective security and the United States is convinced that Britain would never think of following American lead. The United States believes that Great Britain often employs others to pull British chestnuts out of the fire and never lifts a finger in help of others. These sentiments may have no basis in historical fact, but that again does not explain away or deny their existence. Moreover, the British fear that the Americans might desert

them in their hour of greatest need because of their precious isolationism, and the Americans fear that the British would not hesitate to revive the Japanese alliance if the Japanese would make the terms attractive enough. Because of mutual fear or mutual respect, the Powers have reached a tacit understanding with regard to their navies. But it can not be anything more than tacit because of the American distaste for commitments or entangling alliances. The British are often obliged to respect American whims more than they really care to because of the pressure from Canada and to a lesser extent from Australia and New Zealand. The independent policies of the Commonwealths are at once a weakness and a strength. They often force the British hand, but they place immutable power in that hand when they support it. These elements of mutual doubt and suspicions to which must be added the vagaries of internal politics in both countries, make it quite clear why the British Empire and the United States have not pooled their resources and potentialities in exerting the economic pressures which could certainly bring Japan to terms.

The United Kingdom had no serious complications with France before the surrender of France to Germany in the execution of its policies in Eastern Asia. There had been boundary disputes between Siam and Burma, and there had been bitter arguments to the effect that the French were encroaching upon British spheres in China. But the French and the British had been side by side in every war for the maintenance of Western prestige in the Orient. The French colonies are close to British Malaya, with the result that the naval commanders had integrated their defense plans. The French Concessions were exposed to the same dangers as the British Concessions: therefore the two governments had adopted a common policy against Japanese aggression. And the challenge of the Axis-Powers in Europe had forced the complete coordination of French and British capacities

throughout the world. But after the establishment of the Vichy Government, the British were forced to recognize the French colonial empire as another of the stakes in war between Great Britain and the German allies.

British policy towards Germany in the Far East is a reflection of their relations in Europe. Curiously, when the British were most fearful of German commercial expansion at the turn of the century, they cooperated as allies in China. German directors sat on the Board of the Hongkong and Shanghai Banking Corporation, German financiers in conjunction with the British floated loans to pay the Chinese indemnity; and German and British railway engineers worked together for the construction of some of China's best known trunk lines. The Germans and the British were among the first to delimit their respective spheres of interest. Subsequent commercial rivalry did not give rise to political altercations, and shortly after the World War the two Powers swung back into the groove of keen but friendly competition for orders in China. Then came the Anti-Comintern Pact, the Nazi overtures to Japan, and from that time forward official Anglo-German relations have successively cooled and blazed in antagonism rather than in friendship. Antagonism eventually gave way to war, and Germans, even Jewish refugees, in Shanghai, Hongkong and Australia found themselves as prisoners of war. British men-of-war drove German shipping from the high seas, and Germans had to look to Japan, Russia and Italy for the temporary protection and revival of their own national interests.

British relations with Russia have been historically acrimonious throughout the whole of Asia. Great Britain was always afraid that the "Bear that walks like a man" would come ambling down through Persia, Afghanistan and Turkestan into the British strongholds of India and Tibet. Then the overland approach to Peking filled the British with alarm because the Russian military challenge was absolutely im-

mune from British sea power. Prime Minister Joseph Chamberlain declared:

> It is not a question of a single province [Manchuria], it is a question of the whole fate of the Chinese Empire, and our interests in China are so great, our proportion of the trade is so enormous, and the potentialities of that trade so gigantic that I feel that no more vital question has ever been presented for the decision of the Government and the decision of a nation.

His decision was an effort to form a German-Japanese-British alliance to stop the Russians. The Germans balked, but the Japanese fell in line. Then the Japanese whipped the Russians, and the British made their peace with the erstwhile enemy. England and Russia were allies, but they were none too friendly in the Far East.

After the Revolution, the Communists became the avowed enemy of British imperialism, and taught the Chinese every trick of their trade to unseat the British overlords from their privileged thrones. The Shanghai Settlement police became an exaggerated Red squad and the British advisers concentrated on ways and means to obliterate the Communist menace. As Stalin turned Russian eyes inward, the British consented to overtures of peace. But the Tories could not forget the menace of Communism, and in Tory nightmares the ogre is always Communism and not Fascism. With the increasing power of the German nation, and predicated absolutely upon its inability to come to terms with Germany, the British turned to Russia as a co-guarantor of the status quo in Eastern Europe. But British-Russian mutual assistance agreements relating to conditions in Europe will scarcely encompass the relations between Japan and Russia in Asia. The British may consent to benevolent neutrality in the event of an unprovoked attack by Japan against Russia, but they would be desperate indeed to make stronger guarantees than that against their former ally, Japan. But for the moment, British and

Russian differences in Eastern Asia are entirely subordinated to the major tasks of keeping the German aggressions within bounds.

All these complications in British policy show how difficult and involved are the tasks of protecting the widespread interests which the British have built up during two centuries of commercial and political relations with Eastern Asia. Procedures and courses of actions must shift and vary with the vicissitudes of changing circumstances. But as the British adapt their decisions to the demands of the moment, they can be counted upon to adhere very closely to axioms of policy which have remained constant over long periods of time. These axioms, or primary British aims, are the maintenance of their traditional political and strategic leadership. A loss of prestige to their interests in China would certainly react on the respect which they are accustomed to receiving in the South Seas, in India, and their Commonwealths of Australia and New Zealand. They seek to maintain a balance of power in the Pacific which enables them to concentrate their naval strength nearer home. They want harmonious relations between China and Japan. They advocate a united, prosperous, and friendly China restored to the path of reconstruction by international aid. They champion the Open Door and the equality of commercial opportunity and oppose the unbridled and unlimited attempts of the Japanese to establish monopolies and spheres of interest. They hope for a reign of law and order with the return of Japan to a system of collective security. The common link in all these aims is the desire to preserve intact British security and conditions favorable to British trade and enterprise.

CHAPTER EIGHT

France in Eastern Asia

STRATEGIC AND POLITICAL INTERESTS

THE PROUD NATION OF LOUIS XIV promised to impress the stamp of French civilization upon the whole of North America and Southeastern Asia before it was obliged to dip its colors to British force and British diplomacy. The conflicts between the French and the British in the Upper Ohio Valley, which launched George Washington on his career of fame and glory, had their counterparts in the scorching plateaus of Southern India. The British were victorious in both scattered areas, and restricted the French to their consolation prizes in Quebec in the New World and the future colony of Indo-China in the Old.

The French populace never generated any genuine enthusiasm for colonial expansion, and left it to their kings and bishops to look out for national fortunes in distant places. French imperialism has always been a matter for the aristocracy, completely immune to the democratic processes which have enriched and limited the exercise of political power within France itself. French expansion has therefore been sporadic, unpopular with the people, and completely dependent upon the power and the vision of the ruler at Paris.

After the eclipse of the "Grand Monarch" and during the whole of the eighteenth century, French political emotionalism expressed itself in internal dissensions and exhausted its

potentialities in the searching tasks of conceiving, fostering and accomplishing the Revolution. When the French people were burning with an inspired passion against a tyrannical institution, as they were against the royalty of Louis XVI, or when they were cringing in fear of the guillotine as they were during the Reign of Terror, or when they were madly marching to unimagined victories in the territory of neighboring enemies, as they were under the banners of the Little Corsican, they were not given to dreams or schemes for the conquest and settlement of overseas possessions. But when the internal turmoil subsided, and the ambitious, imaginative Louis Napoleon Bonaparte ascended the throne, he bent an attentive ear to the Prussian whispers circulating at Paris and Versailles which suggested that here at last was the monarch with the name and the ability to renew the rivalry against the British and plant the flag of France on the shores of the western Pacific.

Excuses were easy. A royal emissary discovered that the Emperor of Annam (Annam is a combination of two Chinese words signifying the "country south of the Peace") had violated a sacred treaty with France. This sacred treaty had been purchased from an earlier king and had opened Cochin-China to trade and had guaranteed to the French religious freedom and the right to propagate the Gospel. In spite of local rebellions, civil wars, and rampant piracy which challenged his shaky authority, the new king could not appreciate the extra-curricular activities of real and alleged missionaries and he could not understand the necessity of French gunboats for the protection of the witnesses of the Prince of Peace. He ordered the missionaries out, he assumed responsibility for the murder of a Spanish Dominican bishop, and he refused to receive a French ambassador who was suggested for the negotiating process. A perfect set-up for war, dictated by self-defense and national honor.

The French occupied the city of Saïgon, and imposed on

the unfortunate king a treaty demanding religious freedom, the opening of three ports for commerce and trade, an indemnity of $4,000,000 and the cession to France of three provinces in Cochin-China. That was in 1862, the second year of the American Civil War, and it marked the beginning of the greatest contemporary political and strategic stake of France in Eastern Asia: the federation of Indo-China.

Indo-China, the French "balcony on the Pacific", is a general name for the colony of Cochin-China and the four neighboring protectorates of Cambodia, Annam, Tonking and Laos. Cambodia and Laos lie on the western side of the mountains close to Siam. They are consequently dominated by the easy-going, spiritual and non-material influence of tropical Buddhism. On the other hand, Annam and Tonking are neighbors of China. They are marked with the lively characteristics of the Cantonese. The Annamites are a courageous, high-spirited and intelligent people. As a race they are patient, capable of great endurance, uncomplaining, small of stature yet agile as cats; but they are cursed with an incurable strain of idleness and indifference. They cling with uncompromising devotion to their ancient customs, religious ideals, and national institutions and they still regard all foreigners with suspicion and see no justification for their presence in Indo-China. Since these groups differ so radically in social concept and economic outlook, they force the French administration to adopt separate policies for the curbing of the Chinese and for the preservation and encouragement of the Siamese population-groups.

Indo-China embraces an area a third larger than the mother country of France. It is bounded on three sides by the territory of the Chinese mainland, the Gulf of Tonking and the China Sea. On the fourth side, the west, it borders the Gulf of Siam. Its population consists of approximately 23,000,000 inhabitants, including 41,000 Frenchmen and 1,000 other Europeans. The French colonists are mostly soldiers and admin-

istrators. There is one Frenchman to every 735 natives, and half the French residents live in the five largest cities of Saïgon, Hanoï, Haïphong, Pnompenh and Namdinh. These French remain alien and superior to the autochthonous culture, and make no pretense at assimilation of native thought.

After the preliminary annexation of the three provinces of Cochin-China in 1862, and the establishment of a French protectorate in Cambodia for the following year, the neighboring Siamese became alarmed for fear that they would be absorbed into the territories of the French. The French poohpoohed the Siamese fears and declared that they would not annex Cambodia, the buffer between Cochin-China and Siam. But the French gradually enlarged their sphere of activity beyond Saïgon, spreading like ripples from a central point of disturbance over the surface of still waters. In 1867 they absorbed the remainder of Cochin-China, on the flimsy pretext that the King of Annam was incompetent to preserve order there. In 1872 French gentlemen soldiers-of-fortune, realizing that they could not penetrate up the Mekong River into the interior because of the rapids, shifted their explorations to Hanoï and the valley of the Red River. They pioneered the route into the Chinese province of Yünnan and then pursued sidetracks into the coal fields of Tonking. Wherever these hardy adventurers led, they were followed by the faithful missionaries of the Catholic Church. The missionaries kept the folks at home informed about the glorious blessings bestowed on the faithful French followers of God in Indo-China and furnished the continuing incentive for increased pressure for more concessions from the recalcitrant King of Annam. The disgrace at Sedan and the *bouleversement* of Louis Napoleon put serious crimps in French bargaining power and delayed for nearly a score of years the complete French absorption of the luscious lands of Indo-China. But in 1884 Annam and Tonking lost their independence and accepted status as protectorates of France.

The Chinese refused to recognize the loss of their erstwhile vassals without a fight. They sent troops to resist the French at Tonking and actually overcame the French in a pitched battle near the Chinese border. But the French navy swung into action, inflicted a severe lacing upon the junks of the Son of Heaven at Formosa and Foochow, and forced the Chinese Emperor to sue for peace. Li Hung-chang, the Chinese viceroy at Tientsin, accepted the advice of his friend, Sir Robert Hart, and agreed to recognize the French treaties with Annam. During these same negotiations China agreed to let French trading interests cross the Chinese border into Yünnan and to accept French help in constructing railways in its own southern provinces.

It required ten years and vast expenditures of money for the French to bring a reasonable degree of peace and order into their newly acquired colonial possessions, and even then the French were able to secure the cooperation of the natives only upon the promise of no-annexation. French method in Cochin-China had been:

> First, playing one prince or Asiatic Power against the other and helping one of the Parties with the deliberate objective of securing some concessions; secondly, transforming the concession into territorial rights; thirdly, establishing a virtual protectorate over the principality which once made a simple concession; and lastly, annexing it by supposed consent or the use of force.

But France had to forego this last step and retain its acquisitions in Annam, Tongking, Cambodia and Laos as protectorates. Native princes enjoyed the prestige and formality of parading as rulers, but they were only the façades behind which and through which the French Residents and Resident-administrators really governed the countries. In 1898 the French completed the federal framework for their colonial units and in 1911, after the adjustment of the problem of Laos, the French set up a central administrative system which ob-

tained until 1941, when Indo-China was given dominion status. It was intended as the best possible device for preserving Indo-China from internal uprisings and protecting it against possible British encroachments upon their territories from Burma through Siam.

The World War convinced the French of the value of native soldiers and the Great Depression showed them the real and potential value of Indo-China as an economic asset. The French integrated the economy of Indo-China with that of the mother country into a planned imperial autarchy. Indo-China was not made independent, but merely a supplement to France. This accounted for the economic collapse in Indo-China precipitated by the fall of France. But the rank and file could not easily overcome the anti-colonial prejudice that had been born of bitter memories, humiliating defeats at the hands of the British, and torturing days and nights which French expatriates had endured in the muggy, buggy depths of tropical jungles. The French still thought of colonies as places for government employees, merchants and seekers after soft jobs who had failed in their search at home. They rather scorned the politicians who specialized in colonial affairs with the silent hope of harvesting quickly a generous portion of the commissions and graft usually associated with colonial investments. They felt that any Frenchman who was fool enough to leave *la Patrie* for a thankless job in the padded colonial bureaucracy was deliberately seeking an easy career or a convenient place to sow his wild oats. Political enemies could think of no greater scorn to heap upon the head of Jules Ferry, the great apostle of Greater France, than to label him "le Tonkinois."

In 1931 the French let loose a gigantic publicity campaign to popularize the assets of Indo-China. Two million francs were turned over to the Havas news agency for advertising purposes and a Colonial Exposition was held in Paris for demonstrating to the people the reality of colonial wealth. Seeking any possible way out of the economic depression,

public speakers harangued their audiences with flowery descriptions of the French *mission civilisatrice* in distant Asia, and they insisted upon the benefits which the French had brought to the backward natives: peace, nationalism, science, humane treatment, medicine, hospitals, schools, and "respect for local traditions and the intellectual and social evolution of the natives." They did their best to strengthen the sentimental bonds which bound together the "mother and child." They rhapsodized about the literary adventures of Pierre Loti, and they convinced the amorous Frenchmen that Tahiti, the French outpost in the South Seas, is the closest thing to Paradise on earth.

Their preachments produced unexpected effects upon the liberal-minded Popular Front Government of Léon Blum. The Left-Wingers were avowed enemies of imperialism, even French imperialism, and they authorized a parliamentary investigating commission for Indo-China. They wished to prove or disprove the current stories of arrogance, autocracy, and brutality attributed to the administrators of Indo-China, and to determine the truth of the charges that "we have in haste imported into that country institutions that the people were not able to understand or appreciate, and which are contrary to their manners and customs as well as to their social state; also our institutions, indeed, far from regenerating these people, have enslaved them and have, with the same blow, paralyzed their spirit and action." The French Liberals wanted to put into practice their convictions that order could be preserved, and that the ties to France could be strengthened by means of more concessions towards self-determination and greater extension of the principles of democracy to subject peoples. The French instituted Œuvres d'Assistance: housing, flood-relief, protection for natives, and agricultural experiment stations.

The good intentions of the Popular Front were buried with the ashes of Collective Security. As the restraints of law and

order were removed from the Japanese advance, the French paid serious attention to the strategic values of Indo-China. They realistically shelved their liberal program for they caustically announced that they did not have the slightest intention of evacuating Indo-China and that they considered the preservation of communication lines between France and Indo-China as the prime obligation of the French navy. They entered into international plans for naval defense of Hongkong and Singapore, Cam-Ranh and Saïgon, Manila, Batavia and Bali with the Dutch, British and undoubtedly with the Americans.

The French naval forces in Indo-Chinese waters were immediately increased by a submarine flotilla, several light, fast cruisers and a few squadrons of naval airplanes. The Paris Government launched plans for the transformation of the Bay of Cam-Ranh, where the 145 ships of the ill-fated Russian fleet of Admiral Rodjestvensky took shelter before sailing for its ultimate destruction at Tsushima, into a first class base, with auxiliary bases in the neighboring Bays of Tourane and Along. Cam-Ranh has an excellent natural harbor served by the railway from Saïgon to Hanoï and the new Mandarin highway which follows the coast. The harbor offers useful anchorage space sufficiently deep for ocean liners and it is protected by surrounding hills from the fury of frequent typhoons. The International Nautical Instructions to Mariners list it as one of the four best bays in the world. Because of its strategic position, halfway between Singapore and Hongkong, it is France's window on the China Sea. From Cam-Ranh to either of the aforementioned ports it is 1400 miles, and to either Manila or the Dutch East Indies it is only half as far. When the late President Doumer was Governor General of Indo-China, he perceived the strategic and commercial value of Cam-Ranh. He obtained the men and money to exploit the site, so that railroad, highway and industrial enterprises found their way to what are now its main towns, Bang-

Hoi and Cam-Linh. Doumer recommended the installation of adequate harbor equipment and the fitting out of a naval coaling station. Following these recommendations the French embarked upon a scheme which was intended to do for the French navy in the Far East exactly what Singapore does for the British.

The French also inaugurated a vigorous program for the land defenses of their China frontier. Indo-China represents a foothold from which the French can expand into China proper, but it also represents an objective which can be reached easily by hostile troops who would approach from the neighborhood of Canton. Therefore, the French added a division of 20,000 Annamite infantrymen to the 12,000 colonials and 18,000 militiamen of Indo-China during 1939 and announced that they could put one hundred thousand colonials in action within a month after mobilization. But they had to have one French non-commissioned officer for every ten natives or the natives would certainly break and run under fire, such is the discipline of most colonials. They increased stocks of war supplies stored in Indo-China and completed a factory for the manufacture of cartridges. They started construction on a factory to build 150 planes and 400 engines annually, and they hinted at secret arsenals and assembly plants. They issued bonds to the extent of 400,000,000 francs to pay for the expenses involved and levied an additional 140,000,000 francs armament tax on the residents of Indo-China. Some of the more timid souls in the Ministry of Colonies feared that this wide-spread armament program might encourage and facilitate a native revolt. The liberal tolerant Blum-appointed Governor General Jules Brévie argued that a liberal policy towards the natives would more than counteract the dangers of popular armaments, but he was shelved for the hard driving General Catroux who could be depended upon for sterner measures to forestall a general uprising. The Annamites in particular are good soldiers. They shoot well and they aim

straight. Their sang-froid has been a tremendous asset in securing and defending French prestige throughout Eastern Asia, but it would be disconcerting and disastrous if the Annamites were to turn against their French masters and instructors. There was the danger of a Japanese-inspired local uprising, but because of native hatred of Japanese brutality in China, the natives seemed to prefer the French masters to at least the Japanese. There was not the leadership nor the education for genuine independence.

With the collapse of French resistance against Germany in Europe, French interests in Indo-China and in the whole of Eastern Asia were thrown at the mercy of Japan. China and Great Britain might enter feeble protests, perhaps Hitler himself might veto Japanese pilfering of former French possessions, or perhaps the United States might take a serious hand in the business of "Stop Japan Now." But French Indo-China lay on the Asiatic shores as a feeble cast-up fish out of water, waiting for the Japanese to come around and put the catch into their own cavernous basket.

The French territorial stake in Eastern Asia includes New Caledonia and "L'Etablissement Français de l'Océanie," where there were 56,000 French citizens, of whom 17,000 were Oceanians. These possessions are of little value in themselves, but they would immediately become key possessions in the event that any other Power should endeavor to take them away from France. They have served as prison camps for federal convicts, as places of exile for persons no less famous than the rough-riding Riff, Abd-el-Krim and his twenty-six wives, and as isolated ports of call for meandering and adventuresome aviators. They have contributed slightly to the world's mineral wealth and they provide livelihood for a few forgotten thousands of South Sea Islanders.

These possessions are not nearly so important to France as the concessions which France has obtained in China proper. When France sought compensation for its friendship to China

in the Liaotung affair, it asked for and received the leased area of Kwangchowwan. (Kwang chow is the Chinese name for the city of Canton and "wan" is the word for harbor.) This lease covered an area of 325 square miles located fifty miles from Hainan and at the entrance of the Gulf of Tonking. Some French writers have insisted that the local French diplomatic and naval authorities were careless in asking too little from the Chinese and in accepting half as much as they might have obtained. The French officers who negotiated the agreements with China in 1897 and after, disliked intensely the China station and they were eager to get transfers home or to African posts. They were usually left with inadequate numbers of sailors and marines and they were constantly harassed by Chinese bands who foraged and looted on the wrong side of the frontier. Therefore, they signed any kind of convention in order to hoist anchor and clear out. They were allegedly guilty of unnecessary sacrifices in territorial delimitation, security and economic development. For example, they gave up the right to occupy a port opposite Tonking and to build a railway from Tonking to Kwangchowwan. But in the years which have elapsed since the lease convention was signed, the concession improved in status and value. A quarter of a million inhabitants live in the native city of Chekan, and the French administrative post at Fort Bayard. In spite of the poor quality of the harbor, Chekan has grown into quite a commercial center, doing an annual business of 100,000,000 francs with the hinterland. It is entirely free from the curse of the China Seas —piracy—but it is in an extremely precarious position in time of war. It has no rail connections with Tonking and its highways, excellent as they are for peacetime commerce, are nevertheless menacing avenues of attack upon Kwangchowwan from the rear.

The lease agreement of 1898 was reinforced by Chinese declarations never to alienate the island of Hainan to any third Power and never to grant to anyone but France economic

concessions in the three southern provinces of Kwangtung, Kwangsi and Yünnan. French missionaries had displaced the Portuguese at Hainan before the turn of the century, and had established schools, hospitals and post-offices throughout the island. A French trading concern, Marty et Cie., kept the French flag flying at the principal port of Hoihow until the French sent a vice consul there in 1898. Since Hainan controls the communications to the ports in Indo-China bordering on the Gulf of Tonking, the French were insistent that no other Power should establish itself there. The strategic location of the three named southern provinces, plus the profits which the French expected to derive from the exploitation of mineral resources, dictated the French decision that the best possible sphere of interest would be in South China, close to Indo-China; and far from the Russians in the North and the British in the Yangtze Valley.

The French have always played the part of the Lone Wolf in their concessions in the Chinese Treaty Ports. The Treaty of Whampoa, signed in October 1844, granted to the French the right to establish themselves in the five original open ports. Five years later, the French consul at Shanghai obtained from the Chinese taotai one hundred acres of marshlands and graves which formed the original area for the residence of French subjects. This area was extended on various occasions until it had become in 1936 the wealthy concession of 2500 acres, where a half-million Chinese and 16,000 foreigners made their homes. The French Concession is entirely separate from the Shanghai International Settlement, and it is subject to the exclusive jurisdiction of the French authorities. The French concessions at Tientsin, Hankow and Canton are very much smaller than the concession at Shanghai but they are likewise administered as adjuncts to the French official family.

Sir Eric Teichman pays compliment to the French political sagacity in the administration of their municipal concessions in the tribute which follows:

The French Concession at Shanghai is administered with common-sense efficiency by French officials prepared to close their eyes to eccentricities which do not prejudice internal order and good government: greyhound racing, hai alai, opium traffic, Russian prostitutes. The French know how and when to take things easily. But when there is trouble, whether with Chinese or Japanese, they stand no nonsense, mobilize their colonial infantry and Annamites and show their determination to defend French property and interests without unduly worrying about the consequences, and without the controversial publicity and fuss attending similar defense preparations in the International Settlement. The French concessions are relatively unimportant but the French would not think of giving them back unless it was made worth their while to do so. The French can and do deal harshly with the Chinese, but the French and the Chinese get on together very well. They seem to understand, if they have no particular respect for one another.

Another writer expresses similar sentiments in the observation that:

The French have, traditionally, a keen sense for political and administrative problems and a sort of "flair" for psychology which seems to fit them especially well for dealing with Asiatics. They have no color prejudice, and their traditional courtesy and respect for human dignity, joined to their code of military honor, have done much to safeguard their interests in China . . . Like most human successes, those of France can be attributed partly to a sense of proportion and to loyalty, partly to technique and tact.

The French also have political interests in the Maritime Customs, in the Salt Administration and in the Chinese Post Office. French auditors or directors or commissioners were originally put into responsible positions in these services in order to guarantee the financial interests of French investors. But it soon became a tradition to place French customs commissioners in those ports of South China where French interests were predominant. The headship of the Salt Gabelle,

or the Government Salt Tax Monopoly, went to the French as compensation for British direction of the Maritime Customs. And the Director-General of the Chinese Posts was a Frenchman, and a very capable one at that, until he was unceremoniously ousted in the Chinese wave of patrioteering in 1929. The French still maintain a political patronage for the Salt Gabelle and for the Post Office which transcends the matter of dollars and cents invested.

The French likewise protest a residual responsibility for the welfare and safety of Catholic missionaries in China, although the French nation surrendered the legal right of general protection to all Catholic missions upon the appointment of an Apostolic Delegate to China in 1922. In the Treaties of Nanking and Tientsin, at the close of China's first foreign wars, the French insisted upon the protection of Christian missionaries. In the Convention signed at Peking in 1860, the Chinese promised the French to permit missionary activities throughout the Empire and to punish those Chinese officials who would arrest missionaries indiscriminately and confiscate their lands and churches. The Chinese made liberal grants to French missionaries to lease or buy land and to build houses and to penetrate into the interior for religious purposes. Of course, British and American Protestants successfully asserted through the operation of the most-favored-nation clause whatever advantages accrued to their Catholic colleagues.

But the Catholics were under the special protection of the French diplomatic agents and armed forces. The murder of any Catholic, regardless of his nationality, would result in a French note demanding compensations. Catholic dignitaries were given official rank. The bishops received naval salutes and ordinary missionaries had an official right to treat with Chinese local authorities until 1908. At the present time, Catholics carry on their work according to the same regulations which govern the Protestants, but the French manifest a

major interest in the treatment of the property of the mission societies.

A final political interest of the French in Eastern Asia centers about the air route reaching from Marseilles to Tripoli (in Syria) to Damascus to Bangkok to Hanoï to Hongkong to Chungking. By 1929 the French had instituted regular service for passengers and for mail as far as Bagdad, and by 1932 French pilots were operating a weekly service over the entire distance to Saïgon. As soon as diplomatic difficulties were ironed out, the French joined with the German Eurasia Company in flying into Yünnanfu and with the Pan-American in effecting a trans-Pacific junction at Hongkong. The French agreed with the China National Aviation Company for joint service from Hanoï to Shanghai in 1935 and obtained permission from the Chinese Government to pilot their own planes over Chinese territory from Hongkong into Chungking in 1939. The French operated plane-service out of Paris every Sunday and Thursday for the 10,000 mile journey to the Orient, and they averaged ten passengers and a half-ton of mail and express matter on every trip.

ECONOMIC INTERESTS

French economic interests in Eastern Asia parallel closely French political interests. They illustrate the axiom that trade and investments follow the flag. Indo-China is one of the best paying of all colonies and it is a lucrative outlet for French capital and French commodities. Particularly since the depression, the French have looked to the systematic expansion of their interests and have undertaken a logical, well-ordered program for their *mise en valeur*. They have sent engineers and technically trained experts to Indo-China to replace the incompetent political servants in local offices. Experts have been needed for the highly complicated problems of public finance, capital and currency structure, commercial depres-

sion, business relations between French and Annamites, and the encouragement of third markets for Indo-China products.

Trade between Indo-China and the rest of the world lagged behind the trade of Singapore or the Dutch East Indies. The French had never encouraged or subsidized colonial commerce to the same extent as their British and Dutch competitors. They deprived themselves of greater profits which could have been theirs had they utilized the full advantages of Indo-China's climate, geographical position and natural resources.

The table below shows the foreign trade of Indo-China by imports and exports, in millions of francs and thousands of gold dollars:

	(millions of francs)		(gold dollars)	
Year	*Imports*	*Exports*	*Imports*	*Exports*
1926	2,867.4	3,854.9	92,902	124,898
1930	1,810.	1,840.8	70,953	72,162
1935	901.4	1,298.3	35,535	50,893
1936	979.5	1,681.9	35,053	59,192

The principal commodity imports in order of importance with percentages of the total imports for 1936 were: cotton fabrics (16), petroleum and products (8), machinery (6), jute bags (4), metal manufactures (4), raw cotton (3), silk and rayon fabrics (2) and automobiles (2). The principal commodity exports and their equivalent percentages for the same year were: rice (60), corn (8), rubber (7), coal (6), fish (5) and tin (2). France does more than half of Indo-China's foreign business, while China and Japan together account for most of the remainder. The United States, Great Britain, Germany and the Dutch Indies absorb shares ranging from one to five percent depending upon the general condition of the world's rubber market during any given year.

The French used to be completely devoted to the old mercantile theory that colonies existed merely as an adjunct to the commercial structure of the mother country. As late as 1936, France took one half of the total rice crop of

Indo-China, over the protests of the domestic wheat producers, and practically all the crop of corn, again over the protests of the habitual importers of corn from the Argentine or Rumania. A favorable tariff structure in France gave preference to colonial produce and an energetic publicity campaign sang the praises of the dietary benefits of Indo-Chinese cereals. However, the Indo-Chinese exporters rebelled against dependence on a single market and successfully brought pressure to bear for commercial agreements expanding sales to China and other neighboring Oriental markets.

Indo-China has had a well-balanced economy and a fairly stable financial structure. There are no lop-sided invisible items which upset the approximate equality of the value of merchandise bought and sold. The excess of exports over imports means that Indo-China ordinarily receives more in payment than it is obliged to expend abroad. But the difference in in-payments is offset by increasing investments of foreign capital in Indo-China and by the thousands of small and large checks which French, Hindus and Chinese in Indo-China send every year to the folks at home.

Foreign investments in Indo-China total about ten billions of francs. This estimate is a mere approximation and includes an inevitable amount of "blue sky." It is possible that as much as half the total represents fictitious value, or the amounts spent in graft, commissions to middle men, and sheer waste. But accepting capital values as the best possible index to the real values of foreign investments, the ten billions are divided among government loans (3), industrial enterprises (2.6), banks (1.7), agriculture (1.3), trade (1), and transportation (1). The sources of foreign capital are almost exclusively French: either from French investors in Europe or from French residents in the colony itself. The government loans have been used for public works and ordinary administrative expenses, while the industrial investments have gone primarily into utilities or industries devoted to the processing of agricul-

tural, forest or mineral products. Industrialization had not been encouraged until very recently, because of the fear of competition with enterprises at home. But in recent years the French have established branch factories of some of their great concerns like Citroën automobiles or Michelin tires, in Indo-China. These branches not only supply the native market but enter into active competition with Japan in China and elsewhere in Eastern Asia. Tires from France could not compete in price with Japanese tires in Hongkong, but French tires made in Indo-China can and do undersell their less-favored Japanese competitors. There seemed to be a profitable future for French specialty manufacturers operating in Indo-China because they could regain Oriental outlets which the Japanese have acquired through the manufacture and sale of imitations and frauds. At the present time, any Oriental bazaar is flooded with Japanese-made "Coty" perfumes at ridiculous prices; in the future, the same bazaars may be able to offer the genuine article at comparable prices.

The outstanding French bank in Indo-China has been the "Banque de l'Indo-Chine" which is partially owned by the government. It enjoyed the exclusive privilege of note-issue and exercised a quasi-monopoly over French banking in China proper. With the Banque Franco-Chinoise it handled the major portion of the discounts of commercial paper. Three specialized commercial banks—the Société Financière Française et Coloniale, the Société Financière des Caoutchous, and the Société Indo-Chinoise—operated respectively in the fields of electrical energy, development of rubber, and culture of tea and coffee. In 1935, a Colonial Credit Organization was established by the Government for the purpose of extending loans on non-commercial security. In other words, when the Government needed money for political purposes, and the Banque de l'Indo-Chine refused to make the advance because of the insufficiency of the collateral, the Colonial Credit Organization could step into the breach and come to the Gov-

ernment's aid. Native banks, varying in size from a telephone booth to a respectable, modern institution, carried on the fascinating business of money exchange and usurious lending. The Chinese and the Annamites are born gamblers, and they exercise their love of taking a chance in unsecured loans of anything above their first ten piastres at terrific rates of interest.

Foreign investments in agriculture do not reflect the importance of rice in the economy of Indo-China. Indo-China has sometimes been described as two rice baskets swinging from the ends of a bamboo pole. The rice baskets are in the hot deltas of the Red and Mekong rivers and the bamboo pole is the Annamite range of mountains which intersects the peninsula from north to south. Rice constitutes three-fifths of all agriculture, four-fifths of the native diet and three-fifths of the export trade. Most Indo-Chinese rice used to be exported to China, but recently it has been diverted to France. Most of the successful rice farmers and merchants are Chinese who swarmed into the country and monopolized the business immediately after the French lifted the historic ban on the export of foods.

European capital, initiative and technical knowledge have been responsible for the growth of the rubber plantations in Indo-China. The rubber from Indo-China is long on quality but short on quantity. It has supplied only one-third of current French needs. Its price was slightly higher than that of the rubber imported from the Straits Settlements or the Dutch East Indies and it entered France under a preferential scale of tariff duties. The French were obliged to pay more for their raw materials, so they complained that their higher prices ruined their competitive power against British or American tire manufacturers who could import the cheaper rubber absolutely duty-free. The Government of Indo-China had been making a desperate effort to stimulate rubber production and export by granting loans and bonuses, but it still had a long

way to go before it could supply even the normal demands of France alone.

Corn, coffee, tea, silk, pepper, coconut, vanilla and cinnamon have been nursed along in the government program for crop diversification. The climate is favorable for all these products, the man-power is available, and markets near by and in France are to be had for the asking. When problems of swamp drainage, irrigation, canal construction, labor supply, cheap credit and cooperative marketing are solved, Indo-China will have agricultural self-sufficiency in the face of any emergency and a handsome exportable surplus as well.

Other natural resources which have attracted French capital are the forests of hard woods, the fishing industry along the coast, and the mines of coal, tin, zinc, gold and iron. The largest coal mine at Hongay, in Tonking, employs 30,000 coolies and turns out a million and a half tons of anthracite per year. The coal is equal in quality to the best grades of the Lehigh Valley in Pennsylvania, and it is all shipped to China, Japan, or to France where it is used for heating purposes. Indo-China has little coal that is useful for coke, and has very limited deposits of iron. Without these bases, there is little prospect for a steel industry which could rival the foundries of Japan or China.

French money, to the tune of a billion francs, has gone into enterprises connected with foreign trade, and another billion has gone into railways and highways. The chief Indo-Chinese railways in operation are the Northern and Annam Railway, the Southern Railway and the Compagnie Française des Chemins de Fer de l'Indo-Chine et du Yunnan. The first two lines are operated by the colony and managed by a chief engineer directly under the supervision of the General Inspector of Public Works of Indo-China. The third line is owned by France and is under lease to a private company. The French had hoped to augment these existing lines by a crisscross network of rails within Indo-China and by an extension on the

Hanoï-Yünnan line into Szechwan and beyond into west China. Road-building programs have developed as rapidly as railroads. There are more than twenty thousand miles of highways in operation in Indo-China, and one of the most useful and most spectacular is the Great Mandarin road which leaves Saïgon and parallels the coast all the way to the border of China. Other highways constitute a short cut from the Pacific littoral over the mountains into Siam and eventually it is planned to link Eastern Indo-China with Burma and its arteries to the western seas.

The *Etablissement Français de l'Océanie*, including the Society, Leeward, Tuamotu, Marquesas, Gambier, Tubai and Rapa Islands, with a total area of 1544 square miles and with a combined population of less than forty thousand, are of slight economic importance. They supply coffee, some phosphates, mother of pearl, coconuts, copra and vanilla. The New Hebrides—under a joint Anglo-French dominion—prosper because of the importation of Tonkingese labor for the exploitation of tropical products, but they do not make any considerable contributions to French economic welfare. New Caledonia and its dependencies with a population of 50,000, of whom 15,000 are French subjects and 15,000 are Japanese, has mines of chrome, iron, manganese, cobalt, antimony and nickel, most of which are sold to France and to Japan.

Before the discovery of nickel in Canada, New Caledonia profited from a monopoly on that commodity. Le Société Anonyme de Nickel (Le Nickel), one of Rothschild's money-makers, joined with the Anglo-French Nickel Company to organize with a committee of armaments makers in 1901 a Steel Manufacturers Nickel Syndicate. This syndicate exploited the mines of New Caledonia and sent the nickel for smelting either to Belgium or to the plants of the International Nickel Company in New Jersey. The German Krupp interests purchased some of the marginal mines in New Caledonia in 1912 and the Japanese bought many of the remaining de-

posits in 1923. Nickel is extremely valuable to armament makers, but the entire New Caledonia deposits have lost in importance to the larger, better, and cheaper reserves which have been discovered and exploited in Canada. In 1890 New Caledonia supplied two-thirds of the total world output of 3000 tons, while in 1936 Canada supplied nine-tenths of the total world output of 83,000 tons.

French economic interests in China, Japan, Manchoukuo and the colonies of other nations of Eastern Asia together are nearly as important as in their own possessions. The trade is lighter but the investments are heavier. The total trade with China, Hongkong and Japan represented in 1936 only two percent of the total trade of France and five percent of the trade of the French Empire. The future of this trade is rather dark because of the political disputes with Japan and Manchoukuo, and because of the French dislike for cut-throat trade tactics in China. The French trader is not willing to work as long nor as hard as the German for a little profit and he is not as ready to extend impossible credit terms. A Frenchman does not like to risk a dime. Still the French consider their commercial stake in China too large to write off, and they will exert themselves for its expansion.

In 1940 there were two hundred French trading firms in China; more than half of them were located in Shanghai, and they employed 8650 foreigners in their activities. China imported from France two percent of all its supplies from abroad and from the rest of the French Empire an additional three percent. The commodities included sundry small manufactured products, metals and ores, steel rails, chemicals, dyes and vehicles from France and rice, coal and cement from Indo-China. China sent five percent of all its exports to France and its possessions, which constituted China's fifth largest customer. China exported silk, eggs and egg products, bristles, casings, tungsten, tung oil and green tea, and shipped most of these commodities in the holds of the forty ships of Messageries

Maritimes and the Chargeurs Réunis, which plied regularly between Kobe and Marseilles, with stops at Shanghai. France normally accounts for a mere one percent of China's total shipping, which means that she carries little except direct imports and exports between the two countries.

French investments in China in 1938 were the equal of the American investments, without considering any tangible value whatever for the leased areas and the concessions. Paris had always ranked with London as a money market for the world, and the thrifty French peasants had always managed to scrape together hundreds of extra francs for their agents to sink in industrial or political undertakings abroad. Before the World War, French money streamed into Russia and built the imposing railway system of the Tsars across Siberia. After the World War, the greater part of idle French capital flowed into the United States, into the territories of French political allies in Europe, or into the colonies in Africa or Indo-China. But enough of the surplus sneaked into China to make four percent of all foreign investments in China of French nationality. Five percent of all French foreign investments were in China and this compares with 1.3 percent for the United States, 4.3 percent for Germany, 6 percent for Great Britain and 82 percent for Japan.

The amount of French investments in China had a very definite relationship to the firmness of French policy in China. The French public never seemed to be concerned about foreign investments. The apple growers of Normandie, or the wine merchants of Bordeaux, or the fishermen of Brittany never seemed to exercise the same concern over foreign affairs as the cosmopolitan economist which the average Britisher represents. French newspapers never devoted the columns to reports of international companies as did the London *Times* or the *Daily Telegraph*. But the French expected their government to look after their financial interests and to do it with a firmness and a callousness which put the British to shame.

The French little investor entrusted his savings to the big banks or the insurance companies with perfect assurance that these agencies would get for him the safest and largest rate of insurance which the market afforded. But popular delegation of authority gave the banks, the chambers of commerce, the insurance companies, and the large manufacturing interests a tremendous influence on the formation and conduct of foreign policy.

French investments in China approximated six billion francs, or two hundred million American dollars, exclusive of the leased areas and municipal concessions. This sum was apportioned as follows:

	millions of francs
Chinese Government obligations	1,740.
Chinese portion of the Yünnan Railway	1,650.
Other French railroads	360.
Public utilities	450.
Commercial obligations	200.
Private holdings of land	600.
Mission properties	800.

The French owned about one-quarter of all China's foreign bonds in 1938, and were increasing their proportion by open market transactions and by extensions of credit made to the Chinese Government for political purposes. Most of the French holdings were secured on the Maritime Customs and were sound financial investments. However, the French suffered along with other Chinese creditors because of the disastrous effect of Sino-Japanese hostilities on Chinese Government finance.

French railway investments accounted for six percent of all foreign interests in Chinese railway property. The Yünnan Railway was the most important line, because of its strategic and commercial value. Goods destined for Yünnan cleared the French customs at Haiphong and then moved into Chinese

territory upon the payment of an additional transit tax. The rate for French goods was five percent, the rate for non-French goods was three times as high. The obvious result of the discriminatory levy was a virtual French commercial monopoly in the interior of Southwest China. The French had major proprietary interests in the western extension of the Lung-Hai Railway, from Kaifeng to Sianfu; in the Cheng-tai, from Shihchiachwang to Taiyuan; and (with the Belgians) in the Shansi Railway south from Tatung. In 1914 a French company received a valuable contract for a line from Yamchow, Kwangtung on the Hankow-Canton Railway, to Yünnan and thence northwards to Chungking. This contract was never executed, but it remained on the books as a plum for the French. One contract granted to the French in 1936 provided for the construction of a line from Chungking into Chengtu, and another from Tonking to Tengchow. In December 1939, France agreed to loan £2,500,000 at 7 percent for fifteen years for a line four hundred miles long from Yünnan to Suifu on the Yangtze above Chungking. Actual construction on these projected roads is a matter completely in the hands of the god of war. It is a surprise in these modern days that these rich Chinese hinterlands have not been tapped by railway developments. Only political complications have retarded the exploitation of the "Red Basin" of Szechwan, and have deprived both foreign investors and poverty-stricken natives of mutual profits.

The French owned tin mines in Yünnan, which in Japanese hands would liberate Japan completely from dependence on Malaysian tin. The French also had prior mining rights in the rich iron, wolfram and antimony deposits in South China.

French investments in utilities were primarily in the concessions at Shanghai, and to a lesser extent in Tientsin, Hankow and Canton. French companies operated the tramways and busses, the telephone systems, and the water and power utilities.

French commercial investments covered the business houses, the wharves and the go-downs essential for foreign trade. There were a certain number of French enterprises dealing with the preparation of pig bristles, perfumes, and such agricultural products as eggs and bacon. French investments in China included the big three French banks in the Orient—the Bank of Indo-China, the "Franco-Chinoise," and the French Banking and Investment Corporation. The French have been peculiarly active and successful in the operation of their savings societies and insurance companies. The Société Internationale d'Epargne has branches throughout China and it operates under rather more liberal laws than those which control American or British companies. It permits an element of speculation in selecting certain policies for preferred dividends, which appeals immensely to the Chinese sporting instinct. Movie houses run attractive advertisements for it, for the International Savings Society, which is little more than a glorified lottery, and for the Compagnie Franco-Américaine d'Assurances. These companies have been extremely profitable undertakings but they have been hampered recently by the Chinese law which increases the degree and cost of government regulation and which requires that insurance companies invest eighty percent of their assets in China.

Interesting and influential French enterprises have been the representatives of the French press: the *Revue Nationale Chinoise*, the *Bulletin Commercial d'Extrème Orient*, the *Politique de Pékin*, the *Journal de Changhaï*, and the local branches of the Havas News Agency.

The value of private lands belonging to the French was estimated at twenty-one million dollars, almost ninety percent of which is located in the attractive residential district of the French Concession at Shanghai. The value of mission holdings was even greater, and it was the result of shrewd Jesuit investment in commercial undertakings whose income goes for the support of the mission work. The Catholic missions possess

greater wealth than is represented by the figure of twenty-one million dollars listed under the French investments. The French fathers have invested large sums through the Belgian Crédit Foncier d'Extrême Orient, rather than through the French Société Foncière et Immobilière de Chine because they feel more confident of the closer relationship which exists between Church and State in Belgium. Then throughout the 128 dioceses in China, the local Catholic churches possess property having a total value of a billion and a quarter francs. This property is a vital concern to the Government of France, but it is not strictly speaking a juridical interest.

French interests in Japan were minuscule as compared with their interests in China. There were 600 French subjects in Japan. The French Empire in 1936 supplied only $5,000,000 of the total Japanese imports of $800,000,000 and only took $12,000,000 of the total Japanese exports of $781,000,000. The French have complained of the unfavorable trade balance and have resorted to unsuccessful clearing agreements to increase Japanese purchases in the French empire. But nothing radical is likely to be accomplished until after the war. French investments in Japan have been so small that they have not merited separate listing in Japanese sources, but they include one loan made by Rothschild in 1910 and miscellaneous investments made by the Banque Franco-Japonaise, and the one French insurance company in Japan: the Union Fire, Accident, and General Insurance Co. of Paris.

The French supplied in 1936 less than one-quarter million dollars of the total two hundred millions of Manchoukuo imports and bought less than one million dollars of the total one hundred seventy-three millions of exports. In that year, French investments in Manchoukuo amounted to 20,000,000 yuan, or less than one percent of all foreign investments in Japan's puppet country. These investments in Manchoukuo were

slight and concentrated chiefly in the north. They consist of several exporters dealing in soya beans and derivatives of other Manchurian products; several importers of liquors, perfumes, drugs, machinery, and technical equipment, and other specialties; one engineering firm; the branch of a savings society; a telephone company, and several smaller organizations.

The Banque Franco-Asiatique of Paris has branches in Harbin and Mukden. The French were never optimistic about expanding their trade in Manchoukuo because they were forced to admit that the Japanese theory of an economic bloc killed the hope and the promise of the Open Door.

In concluding the analysis of French economic interests in Eastern Asia, it is to be pointed out that the French have scattered investments in the Dutch East Indies, the Philippines, and the British possessions. The French conduct about two percent of the trade of these areas. But the French interests involved are content to submit to the commercial rulings of the respective mother countries and are without important political implications.

THE POLICY OF FRANCE

The interests of France paralleled those of Great Britain in opening China to the Western world in the nineteenth century. France supported Great Britain in the Opium War and negotiated a treaty similar to the Treaty of Nanking, guaranteeing to the French the same privileges of tariff treatment, extraterritoriality, and residence in the Open Ports. France fought side by side with Great Britain at Canton and Tientsin during the troubles which climaxed the affair of the Lorcha Arrow. The French shared the British resentment at commercial inconveniences and sought additional reparations for the brutal murder of Père Chapdelaine, a missionary in Kwangsi.

From 1860 until 1885 the French neglected their position in China in order to concentrate on the conquest of Indo-

China, but their treaty agreement with China over Annam in the latter year inaugurated a period of increased activity. And the activity after France joined Russia and Germany in thwarting the Japanese acquisition of Liaotung was neither pleasing nor flattering to China. It entered unreservedly into the "Battle for Concessions," and proceeded to establish its privileged position in China's southern provinces. In 1895 it obtained the opening of Szemao, transit privileges over the land frontier into Yünnan, and the promise of exclusive mining rights of Yünnan, Kwangsi and Kwangtung.

On March 15, 1897, it asked for and received the "assent of China that she would not alienate or cede the island of Hainan to any power, either a final or temporary cession, or as a naval station or coaling depot." France extorted from the Chinese a similar assurance of non-alienation covering the provinces bordering on Indo-China. On April 10, 1898, as compensation for the murder of two French lieutenants, the French extracted the lease of Kwangchowwan, the right to build the railway from Indo-China into Yünnan, and the promise to supply assistants for the Chinese Postal Service whenever the Chinese should demand them.

The French were hand in glove with the Russians. The French operated in the south while their Russian allies concentrated on the north. French money replenished the bottomless Russian pockets, while the agents of the Tsar pushed through Manchuria towards Peking. Therefore, the defeat of the Russians by the Japanese was inferentially a defeat of the French. It forced the French to recede from their direct and indirect aggression in Eastern Asia and to readjust their position in China and Japan to coincide with the demands of their general world diplomacy.

France agreed whole heartedly to the American proposals of the Open Door, in order to put themselves on a footing of equality with their rivals in China. They turned their backs upon the methods pursued in the break-up of China but they

made no offers to restore the gains which they accumulated. Power politics are not like that. The French cooperated with the others in seeking railway and mining concessions, and treated with disdain any Chinese appeals for consideration, equality or *quid pro quo*. At the same time, France came to an understanding with Japan and with Great Britain with regard to their interests in Eastern Asia, and became the chief architect of the Entente diplomacy which consolidated France, Russia, Great Britain and Japan in a series of understandings opposed to Germany before the War in 1914.

The French never tried to reach a real accord with the Chinese. In the words of Sir Eric Teichman:

> French policy has been guided by considerations of immediate self-interest. Sentiment and high ideals play little part in guiding the actions of the French Government in dealing with the affairs of China. The French deal with each case strictly on the basis of what material advantage can be secured thereby. It is selfish and cold-blooded diplomacy.

The French never displayed any sympathy for the Chinese Republic nor for the national achievements of Chiang Kai-shek. Chinese success was potent wine, and it might intoxicate the Chinese residents of Indo-China. A native uprising was the last thing in the world which the French desired, and they were apprehensive of the inspiration of unified China. The French wanted law and order in China and none of the revolutionary tactics which jeopardized life and property. They hated liberalism, and particularly the Communism of the early twenties which poisoned the minds of the exploited natives against their calloused imperial masters.

The French followed, but only at a distance, the enlightened British policy inaugurated in China with the Christmas memorandum in 1926. French Boxer funds went for cultural purposes, and particularly for Chinese students in France. The Chinese sent most of their budding lawyers to study in

France, and adopted French as the second language in the Ministry of Justice. French consuls and French returned students organized social clubs whose avowed object was the encouragement of Sino-French friendship. In 1930 the French-negotiated treaties with China which redefined the frontiers of Indo-China, reaffirmed French privileges in the southern provinces and redefined the respective rights of the two nations in the Yünnan Railway. In 1935 the two countries signed a new commercial accord. During the days of the technical collaboration between China and the League of Nations, some very suave and very capable French experts in the service of the League in China contributed immeasurably to the rebirth of Chinese confidence in the purposes of France in Eastern Asia.

France was one of the slower nations in acceding to the Chinese program for resumption of its lost sovereignty. The French felt no necessity for surrendering the treaty tariff or extraterritorial privileges without demonstrated compensation, and they hedged their commitments to return their lease to China with so many reservations that the commitments themselves were ineffective. The French subscribed to the theory that the Oriental respects most those who stand firmly for their own rights, and holds those in contempt as cowards who make unnecessary surrenders. The French were not enthusiastic about the altruism of the Washington Conference and they refused to ratify the Washington agreements until after the settlement of the "gold franc controversy" three years later.

The gold franc controversy arose from the definition of the French monetary unit. The French said that "francs" meant "gold francs" and that the Chinese would have to pay at the gold rate which was unaffected by the inflation debacle. The French were incensed at the Chinese quibbling and they were angrier than ever when the Chinese unceremoniously discharged the French Director General of the Posts.

And with every gain in favor which the Germans made vis-à-vis the Chinese nationalists, the French augmented their conviction that their own future lay in Indo-China and that the Japanese probably understood the best way to handle the Chinese.

France and Japan were at swords' points until 1907. The French helped blast the Japanese out of their isolation, helped to rob the Japanese of the fruits of their victory over China, and helped Russia to throttle the Japanese in Manchuria. Then Japan turned the tables on Russia, thoroughly justified its pretensions to consideration as a first-class military power, and showed the French and the Russians and the British that they would make a useful cog in the anti-German machine. The French and the Russians therefore followed the British lead and entered into an agreement with Japan on June 10, 1907, which provided for

le maintien de la situation respective et des droits territoriaux des deux pays sur le continent Asiatique, notamment dans les régions de Chine voisines des territoires où les puissances ont les droits de souveraineté, de protection ou d'occupation.

This seemed like a clear cut engagement on the part of France to let Japan have a free hand in Manchuria and on the part of Japan to stay out of South China. The wording proved sufficiently precise to keep Japan and France on friendly terms as long as there was no clash of interests, but it likewise turned out to be too vague and flexible to bind Japan to France when Japan chose to ignore the letter and spirit of its obligations.

France accepted the hypothesis of a strong Japan as the stabilizer of Eastern Asia during and after the World War. The French acquiesced completely in the Japanese designs against Germany and China, and assented to the Japanese invasion of Siberia. Conservative France was too weak itself, and suffering too much from the wounds of the enemy inva-

sion, to send material help for the Allied expedition at Vladivostok, but it approved entirely the intention to crush the forces of Bolshevism in Siberia. France regretted the necessity of Japanese retirement and sympathized with the Japanese during their subsequent chastisement at the Washington Conference. France was unhappy with Japan, during the proceedings at Washington. France felt that its own desires had been ignored in framing the new international policies towards China, and felt that its dignity had been snubbed in setting the naval limitations for the Big Three. It was rather galling to be omitted from the ranks of the biggest, because the diplomatic word of the French in Europe in 1922 was the greatest single determinant of the shape of events to come. Therefore France assumed at Washington the dual role of Japan's chief assuager and of Britain's and America's prime deterrent in the concessions to China. The French seemed content to let relationships in Eastern Asia drift along without too much fuss, provided always that the strong imperialists should intervene to protect their legal rights and privileges against the ravaging aspirations of the awakening natives. France wanted to deal with Indo-China in its own way without external meddlers, and was prepared to recognize as legitimate the same desire on the part of Japan in China.

The French member of the Lytton Commission was the member who was most impressed with the face value of the Japanese interpretation of events in Manchoukuo. When the Lytton Report affirmed that the Japanese action at Mukden could not be considered as self-defence, the French representative insisted upon the mollifying phrase "even if the officers on the spot might have thought so." The French were frankly disinterested in the Japanese methods in Manchoukuo, and did not feel it to be their obligation nor the obligation of the League of Nations to pass upon the international ethics of those methods.

But when the Japanese shifted the center of their activities

to Shanghai in 1932 and to Nanking in the years which followed, the French reappraised their position and became the most hard-boiled opponents of the Japanese advance. Paris had to open its eyes to the reality of a clash of interests between France and Japan. With characteristic resolution, it increased its fighting strength in Eastern Asia and assumed a diplomatic position parallel to Great Britain and the United States.

FRANCO-JAPANESE ISSUES SINCE 1937

The first clashes between France and Japan took place in the French Concession in Tientsin. France refused to let the Japanese soldiers pass through the Concession on their way to the destruction of Nankai University in July 1937. French soldiers interfered with extraordinarily brutal treatment of the Chinese wounded by the Japanese infantrymen. The Japanese complained about the regrettable French attitude and alleged that "France has been hampering Japan's action on all possible occasions, such as affording a haven for the Chinese communists in the concession at Tientsin." On August 19, of the same year, the French joined the British in endeavoring to preserve the neutrality of the foreign areas at Shanghai. But while the British were defeated by the Japanese members of the Shanghai Municipal Council, the French experienced no difficulty in isolating their Concession from the actual fighting. The French Consul-General was not hampered by Japanese colleagues on the Concession administration. He ordered the Annamite troops to prepare for action at the Concession barricades, and notified the Japanese in so many words that they would have to fight if they expected to pass through the Concession territory. The Japanese backed up, and never were able to enforce their demands for passage of troops, for disguised control of political activities or for search of the private property of Chinese officials or business men in the French Concession.

On July 7, 1939, the French resisted a Japanese show of force in their Concession at Hankow. The Japanese-inspired Central China Young Men's Association arranged a parade in celebration of the second anniversary of the outbreak of hostilities at Lukouchiao. They prepared handbills and distributed flags and were all set to demonstrate in the French Concession. The French arrested their leader, and stopped the procession at the gates of the Concession because they had neglected to get the necessary permit from the Concession authorities. The Japanese waxed indignant, protested diplomatically against the action of the Municipal Council, and threatened to blockade the Concession, as they had blockaded the British at Tientsin, if the French failed to respond in the proper manner. But the Japanese decided to relinquish their adamance after the announcement of the German-Russian Non-Aggression Pact of August 24, 1939, and to look to the re-creation of friendlier bonds with their old and respected French ally.

As the Japanese hostilities destroyed the property of Catholic missionaries, reduced the bases of trade between France and China, and jeopardized the French investment interests in China, the French sought specific ways of expressing their disapproval. They suspended temporarily in 1938 the trade agreement of May 13, 1932, with Japan, and they cut down on the French imports of salmon and chinaware into France. They insisted upon consular certificates of origin on all goods imported from Japan and China, in order to obviate the possibility of misleading labels on Japanese products ostensibly "Made in China." Then the French refused to accept the Japanese nominee to succeed Ambassador Sugimura at Paris. Sugimura went home apparently for reasons of health but actually because of his opposition to the Japanese policy of antagonizing the French in South China. His designated successor was adjudged *persona non grata* because of anti-French speeches that he had made in China. The Japanese considered

the French diplomatic rebuff as a veiled insult, but the French looked upon it as a justified retaliation for Japanese carelessness towards French interests in China.

Restraint and caution are two characteristics which are not usually associated with the French. But they can well be used to describe French diplomatic procedure. The French objected to Japanese high-handedness but they hesitated to rush pell-mell into the arms of China. They chose to stay on the fence, and to remain aloof from commitments to either belligerent. One French writer asserted that he could not trust the Japanese completely because their language had no equivalent for "I love you"; neither could he trust the Chinese because they had no means of translating the sentiment of "my country." Another reasoned that if the Japanese won the war, the French would have to retire from China quickly; if the Chinese won, they would have to get out slowly; but if there was mutual exhaustion, they could stay and profit awhile. A third writer expressed similar ideas in these calloused sentiments:

> For reasons of common sense we ought to wish that the Sino-Japanese War drags on and exhausts both belligerents. I submit that this wish contains no sentimental attraction. But in diplomatic affairs, it is necessary to guard against the play of sentiment. In the present condition of unrestrained popular passions, if sentiment became the grand master of diplomatic action, we would pass our lives in urging war.

The most bitter disputes between France and Japan during the war were those of the Yünnan railway and the occupation of Hainan, the Paracel and Spratly islands in the French preserves in the South China Sea, and the Japanese drive into Indo-China.

According to the agreement of 1903, defining the terms for the construction and operation of the railway from Hanoï into Yünnan, the French retained a strangle hold on all trade

from Indo-China until the expiration of the lease in 1990. The railway company could follow its own judgment in the goods it permitted to enter China from across the border. But once the goods had crossed into Chinese territory, they were subject to the will of China. A subsequent treaty signed in 1930 provided that the French would permit all goods to cross on the payment of the transit tax, and would permit military supplies for the Chinese Government to pass free and without interference. These stipulations seemed to assure an avenue for a continuous flow of arms and munitions and quite understandably aroused Japanese opposition. Viscount Ishii, the Japanese Ambassador-at-large in Europe, stated in Paris in February 1938 that, "if the arms traffic continues, Japan may find itself compelled to bombard the French railway line from Hanoï to Yünnan." The French Government became concerned about the safety of the physical property of its investment and agreed to embargo all military cargoes. As a result of the embargo, supplies piled up at Hongkong, Haiphong and Hanoï. Badly needed guns, munitions, and airplane parts deteriorated as they lay idle on the wharves. More than 1000 trucks were left to rust, while their batteries went dead and their tires were left to rot. Socony, Shell and Texaco could not move their petroleum supplies, and the Red Cross could not ship its medicines. Curtiss-Wright gave up the task of transporting machinery for its proposed airplane factory in Yünnan, and transferred its equipment through Rangoon into an undisclosed locality near the Burma-Yünnan frontier.

Japanese reports of extensive French aid to China were largely mythical. French shells and machine guns were paid for in advance, and were shipments of private French companies who enjoyed no unusual government credits nor government guarantees. Some French contracts under which supplies reached China in 1938 dated back for five years. Deliveries of bayonets, rifles and helmets were all of old and discarded French stock. And in some cases the Chinese even

accused the French of obstructionist tactics. They declared that in the summer of 1938, the French delivered twenty-four pursuit ships without machine guns and propellers and that the experts who accompanied the planes for the purpose of assembling them and training Chinese pilots caused trouble and struck for higher pay. They declared that only three or four of the planes were put into actual flight and that many of them were destroyed by the Japanese on the landing field at Yünnan because they had no propellers to take them out of harm's way.

The physical condition of the Yünnan railway limited the quantities of military supplies which could be brought into China over the railway. The railway is narrow-gauge, single track, and it passes through jungles and over mountains where tropical rains bring heavy landslides across the roadbed. The railway climbs six thousand feet in forty miles, and it pierces one hundred sixty tunnels in three hundred miles. Its total length is five hundred twenty miles, a little more than half of which is on the Chinese side of the border. It operates only in the daytime and it moves from three to five hundred tons of freight daily. If it operated all its equipment day and night, its peak load would probably be less than double its present capacity. But the French exerted few efforts to increase their available facilities to meet the augmented demands of war-time traffic. They did not add to their staff, increase their warehouse space, improve their roadbed, nor construct emergency sidings.

The officials of Indo-China disliked the attitude of the Paris Government. Governor-General Jules Brévie was an appointee of the Blum administration, and he hated the dynamic policies of the aggressors as a matter of principle. He would have liked to evade the ban of the Paris Government and to permit a liberal interpretation of French obligations to China. But among the adventurers, bargain hunters and freebooters of every description who were flooding into

sleepy Hanoï and easy-going Haiphong, were many Japanese spies and spotters who were alert to report to their Government every violation of the hated embargo. No wonder Brévie and his successor both were forced to resign.

The local Chinese were bitter because of the French vacillations and obstructions. They had anticipated a rush in business and had opened a branch of the Bank of China to finance the increases. But they saw their hopes for greater shipping and handling profits dissipated, and they watched Rangoon flourish while they writhed in inactivity at the Indo-Chinese ports. They suggested that they "should tear up the tracks and use the rails for a line to Burma," and that the French should "Abandon your duplicity! Open the Frontiers." The Chinese lamented that if they "bought China-ware, the French would pass the cups and hold the saucers," and that the French might very well class men as supplies and forbid their transport.

But the French closed their ears to personal complaints and played the game of power politics according to the demands of their own interests. They respected the embargo as long as it seemed expedient, and they winked at violations whenever they wished to express displeasure or register protest. They blew hot and cold in the enforcement of the ban on import without any rhyme or reason except as reflections of the general French-Japanese policy.

In the meantime, the French looked after the development of an alternative route from Indo-China into China by way of Langson in Tonking, thence to Lungchow and Nanning in Kwangsi. From Nanning, they would build east to the Canton-Hankow railway and west to Yünnan. From Yünnan they would extend northwards to Suifu and Chengtu in Szechwan. The dangerous mountain highway from Haiphong to Langson was actually opened. Langson is a town of embarrassing memories to the French. It was the scene of a Chinese defeat of one of the stingy pre-Jules Ferry detach-

ments which the French sent to China with the foolish expectation that they could do the normal work of an entire army.

But according to a British journalist who has recently returned from that city, modern Langson is a bustling community where:

> German drummers share rooms with American missionaries. It is a town of gambling houses and shopworn sing song girls from Shanghai. Mountain tribesmen mingle with French officers. Everybody is whispering or scribbling, thoroughly absorbed in political intrigues.

This same journalist repeated the story of the Chinese who ordered a bridge to span one of the innumerable mountain streams in the vicinity of Langson. The Chinese stipulated that their own engineers should erect the bridge. But when construction problems proved well-nigh insurmountable, the Chinese decided to build the bridge by the side of the stream and then divert the stream under it.

Before the Japanese occupation of South China, a syndicate of French bankers was supposedly ready to build a railway from Langson to Nanning, a prosperous city in Kwangsi, and to Shangnankuan, on the Canton-Hankow railway. The Chinese welcomed the French enterprises and did not raise the cry of imperialism they had raised against the earlier projects of railways in this area. They were glad for extended contacts with friendly buyers of antimony, tungsten and wood oil. It was reported that the Chinese had moved the rails from the abandoned Kiukiang-Nanchang line down here to expedite construction. But the French were hesitant because they knew that the Japanese would hate the new railway and could easily bomb it from any of their bases in South China. There was another report that the French were ready to spend $100,000,000 (Chinese currency) for the immediate construction of the Yünnan-Szechwan line which was sur-

veyed by American engineers as early as 1911. But why would the French undertake to construct this route if it would contribute to the greater diversion of traffic from French-dominated Indo-China to the British-controlled route from Burma? The only answer would seem to be that the French have fears for Indo-China, or perhaps sufficient confidence in the future of China, that they believe that Chinese economic development will provide adequate traffic for both routes.

The French enjoyed the initiative in the disputes with Japan about the railway into Yünnan, but the Japanese assumed the initiative in the controversy about the occupation of Hainan, the Paracel and the Spratly Islands. Hainan is an island about 150 miles long and 100 miles wide and it has a population of two million Chinese and 150,000 aborigines. It lies fifteen miles south of the China coast, fifty miles from the French leased territory of Kwangchowwan and 100 miles east of Indo-China. It is 320 miles south of Hongkong, 800 miles northwest of Manila and just about midway between Japan and the Dutch East Indies. The French explored the waters in the vicinity of Hainan and charted all the isles between the Canton Delta and the Straits of Malacca in the opening years of the eighteenth century. The *Compagnie Royale en Chine* and the *Compagnie des Indes* erected factories at Hainan at that time, and the French army occupied Hainan in the course of hostilities against China in 1885. "Unfortunately" at the Treaty of Peace at Tientsin, the French gave up every claim to indemnity, but they seized the earliest opportunity to extract the declaration of non-alienation covering Hainan from the Chinese in 1897. In 1898 when the French leased Kwangchowwan, they would have preferred Yulin on the island of Hainan. But the British objected to the French choice, because the British feared the challenge of a French-controlled Hainan to the route to Hongkong. The British conducted an energetic press campaign against the French intentions, debated the issue in the House of

Commons, and lodged an official protest with the French Foreign Office. The French were head over heels in complications at Madagascar at that time, so they acceded to the British contentions.

In September 1937, the Japanese first fired on the port of Hoihao, in Hainan, and the French were stupefied. The French people expected the Quai d'Orsay to take a strong stand against the Japanese audacity. When the Foreign Office failed to live up to expectations, the press indignantly declared it had the impression that the Quai d'Orsay "had lost sight of the exact value of the declaration of March 15, 1897 with China and of the agreement of June 10, 1907 with Japan." Two months later, the Japanese Ministry of the Navy sent out a trial balloon by intimating coyly that the occupation of Hainan would depend on the cessation of supplies from Indo-China. The French did not react violently, so the Japanese bombarded Hoihao again in January 1938, and sent six men-of-war to the harbor at Yulin. On June 17, Foreign Minister Ugaki said the Japanese had no intention of occupying Hainan but even if it had, "occupations" were different from "annexations" and therefore had nothing to do with the agreement of 1907. The very next day, Ugaki announced that occupation of Hainan might be necessary to crush Chiang Kai-shek, and he was greeted with a joint British-French reply, that the two countries would support each other in handling any undesirable complications which might result from the Japanese occupation.

The Japanese shunted their immediate attentions to the Paracel Islands where the French had erected a lighthouse and a meteorological station in October 1937. Vice Minister Horinouchi warned the French that they had better withdraw the Annamite police from the islands before they would clash with the Japanese sailors or with the Japanese bird-nest fishers.

Then with the encouragement of Munich, the Japanese returned to the direct attack against France in Hainan. They occupied Wei Island, only eighty miles from the Indo-China frontier, and they captured Canton. The Chinese troops at Hainan immediately withdrew and left Hainan without any protection whatever. From October 1938 until February 1939, the island was without defense forces and the French might very well have moved in, had they chosen to forestall any Japanese move, and had they not been so groggy from the blows they had received in Europe. French stock in Japan had dropped to an all-time low as reflected in Foreign Minister Arita's remarks at the time of his speech to the Diet in January 1939:

> We can not deal properly with France unless France stops arms assistance to China. We may consider that no legitimate international relations exist between Japan and France unless France changes her attitude. . . . If France approaches us with her own ideas and conviction, we shall be prepared to deal with her. But the cowardly action of the French Government comes from her own domestic political conditions. In diplomacy, France only maintains her position by clinging to the coat-tail of Britain and America. France is nothing but an independent state which depends on the great Powers of Britain and America. She has nothing of her own and is bound to take a most sneaking, foxy attitude toward this country.

On January 28, Admiral Yonai, the Minister of the Navy, announced that Japan must occupy Hainan but he explained that it had no intention of creating naval bases on the Asiatic continent. Hainan is an island, not on the Asiatic continent. On February 9, sixteen Japanese vessels disgorged their complements on the island, and took it over for military purposes. It required almost an hour for the Japanese Foreign Minister to explain to the French Ambassador why the Japanese action was unavoidable and his explanations assumed the following tenor:

The declaration of non-alienation given by China to France in 1897 has no relationship to the Japanese action. The agreement of 1907 was negotiated at a time when China was helpless under the rule of the Manchus. The maintenance of peace and order was impossible, and the French and Japanese wanted disturbances stopped in the territories contiguous to their possessions. The present danger is not from civil unrest, but from attack on those areas by China itself, which is using them as a military base for her large armies. The present Japanese operation on Hainan is for the purpose of exterminating the Chinese military forces in the island, and is therefore an affair which has nothing to do with the question of assuring peace and security as envisaged by the Japanese-French agreement.

Since the fall of Hankow and Canton, arms and ammunition have been going to Chiang K'ai-shek through the Luchow peninsula and the Gulf of Tongking. Southwest China is the chief base of supplies for the Nationalist forces. . . . Junks are conducting this trade from bases at Hainan. As the junks are numerous and the Japanese ships few, the Navy has been driven to conclude that the base must be destroyed.

The duration of the occupation depends on the time needed to satisfy strategical necessities. As for the future status of Hainan after the collapse of Chiang K'ai-shek's regime, the question is too complicated to make any statement.

In March, the Japanese continued their advance to the Spratly Islands, or the "Isles of the Tempest." There are seven of these islands scattered over 270 miles of ocean. The smallest of these islands is a little larger than an ordinary football field and the largest is only three-quarters of a mile square. The islands are of negligible economic value but they possess an unquestioned strategic value. They straddle the sea lanes of the South China Sea, and would make usable bases for seaplanes. The French claimed them in 1933 and received protests to their claims from Japan, China and the Philippines. The Philippines asserted that the islands belonged to the Philippine archipelago. The American State Department had nothing to say in support of the Philippines' claim, largely because of the difficulty the Far Eastern Division had of

locating the islands on the Department's maps. The Chinese based their asserted rights on the activities of Chinese fishermen, and the Japanese relied for the justification of their claims on the fact that the Rosa Phosphate Company collected guano on the islands for ten years following 1918. The French did not set up a local administration nor even plant their flag on the Spratly Islands until 1938, so the Japanese did not anticipate serious objections from the French when they "annexed" the Spratlys on March 31, 1939.

The French had believed themselves to be secure in their zone of influence before they had watched their Japanese partner reduce their guarantees to scraps of paper. The Japanese advanced to the very doors of French possessions, where they could cut French communications between the leased territory of Kwangchowwan and the naval bases at Cam-Ranh and Along or could operate their bombers against the cities of Indo-China or against the Yünnan Railway from any one of a dozen neighboring bases. These disturbing realities prompted the French to adopt the defense measures described earlier in the chapter, and to think in terms of retaliation. Many French urged the adoption of the Japanese thesis that there was no war in China, and the extension of unlimited help to Chiang Kai-shek. They saw an unrivaled opportunity to pick up the cards which the Germans had let loose, and to send a military mission to replace the departed Germans. They would have thrown the railway to Yünnan wide open, would have continued energetic protests against the Japanese policy in China, and would have reserved for future action the final disposition of Hainan.

The Japanese were unmoved by the French intentions. When asked about the French notes of protest which paralleled those of the United States and England, the Foreign Office spokesman said glibly that Japan was not paying much attention to them—a curious statement about friendly Powers from a responsible government spokesman. The Japanese

spoke of acquiring the French colonies, for they believed that France was impotent and without allies in case of a Japanese attack. The Japanese army officers were intoxicated by their own successes, and felt that they could throw caution to the winds in defying the French. Despite the strong French army stationed in Eastern Asia, the Japanese felt that they could achieve their wildest dreams and ambitions with guns and airplanes, with bayonets and men-of-war, or perhaps with mere gesture and braggadocio.

A Japanese spokesman stated that:

> Japanese people remember as indignantly as if it were yesterday the privileges granted by France to the Russian navy during the Russo-Japanese war. There is one thing that I want to say to my French friends: of the three countries which at the Peace Conference of 1895 robbed Japan of the fruits of her victory over China, the only country upon which she has not yet avenged herself is France. There is always the possibility of awakening a desire for vengeance upon France. France in the Far East dances to the music of the English flute and heaven help France in Indo-China if anything happens to the British navy.

When that something happened to the British navy, the Japanese pounced immediately upon the French position both in China and in Indo-China. The Japanese demanded and received recognition that

> during the progress of hostilities, the Japanese forces have special requirements for the purpose of safeguarding their own security and maintaining public order. The French Government have no intention of countenancing any acts or measures prejudicial to the attainment of the above-mentioned objects.

French authorities and nationals were ordered to refrain from such acts and measures, and the French concessions were practically surrendered to the control of the Japanese. Japanese patrols took over police duty, Japanese currency replaced the money of Chinese Nationalists, and in Shanghai

the puppets of Wang Ching-wei took over the District Court in the French Concession. Baron d'Hooge, who actually carried out the transfer, paid with his life for the unfortunate surrender.

Turning to Indo-China, the Japanese demanded the right to station railway guards within French territory to see that no more supplies would be transported to Chiang Kai-shek. Then they took over the accumulated goods on the docks and in the warehouses. They sent a military mission to Hanoï to arrange for air bases, artillery stations and the passage of Japanese troops into Southwestern China. The military mission signed the Hanoï Convention of September 22, 1940, which took care of immediate issues between France and Japan, while Tokyo or Vichy should negotiate concerning subsequent details. By the Hanoï Convention, Japan agreed to respect French sovereignty in Indo-China, to respect the territorial integrity of Indo-China, and to respect the rights and interests of France in the Far East. Japan recognized Indo-China as a friendly nation. On its part, France consented to the placing of its military facilities at the disposal of the Japanese and to the recognition of the dominant political and economic interests of Japan in the Far East.

General Sumita then visited Saïgon, for the purpose of studying local unrest. Japanese naval commanders took effective charge of French naval bases. The Japanese secret service spotted its best agents among the natives, and Japanese politicians suggested the attaching of at least one adviser to every Indo-Chinese government office. Japanese commerçants arranged new barter agreements with French representatives at Tokyo, and they obtained a downward revision of Indo-China's tariffs. The French lost their favored position in the economic set-up of their own colony and no one chose to do a thing about it except Secretary Hull who reminded the Japanese that "a change in the status quo in the Pacific would have an unfortunate effect upon American public opinion."

The French were down, temporarily. Whether that "temporarily" would become "permanently," would depend upon the larger issues at stake in Europe.

RELATIONS BETWEEN FRANCE AND THIRD POWERS IN EASTERN ASIA

It is often believed that the kaleidoscopic changes in the French Cabinet have had an enervating effect on French policy, but the exact opposite has likewise been possible. Prime ministers have come and gone, but the civil service has remained. The Parliamentary Under-Secretary of Foreign Affairs is the permanent official who has served as the link between the incoming and the outgoing administrations. No matter how many heads of government the French have chosen in a year, or in a month, the Permanent Staff has been constant. It must share the major responsibility for the low estate into which the French have fallen in Eastern Asia.

The Foreign Office has steered independent of and quite above the party officials who have occupied the portfolios in the Cabinet. This element of stability has been readily discernible in the long run policies which the French have pursued with regard to third nations in Eastern Asia.

The alliance of France and Russia in the days of the Tsars covered their relationships in China. The French worked with the Russians continuously after the Russians in 1891 rescued the French from the diplomatic isolation into which they were dumped by Bismarck. The Russians in the north, the French in the south and west, and the two together through the Belgians in Central China, constituted a diplomatic solidarity which was ruinous to Chinese aspirations. The Russian-French union neutralized the hegemony of the Anglo-Japanese combination, until the latter emerged victorious from the war of 1904–5.

Subsequently, France clung to its friendship with Russia, but only in conjunction with its corresponding obligations to

England and Japan. The French rejected the ancient companionship with Russia at the time of the Revolution and stood in diametric opposition to the Communistic principles of Lenin and Trotsky. After Stalin steered Russia back into the path of nationalism, the French negotiated a new pact of mutual assistance in 1935. The Russians looked to the French for help against Hitler in Europe, and the French expected nothing more than a contribution to the encirclement of Germany in Europe from the Russians. The French made no commitments with regard to Japan, and insisted that in the event of a new Russo-Japanese war, the French were to maintain an absolutely free hand, without any promise of as much as benevolent neutrality. The French Rightists were always suspicious of the converted Communists who dominated the Kremlin and they insisted upon retaining a freedom of choice which would permit them to return to an understanding with Japan, as against Russia, if necessary, whenever Japan should recover its sense of proportion in its international obligations.

The French and British historic colonial rivalry existed in Eastern Asia as well as in Africa and the New World. While the French extended their dominion over Indo-China, they approached perilously close to the British spheres in Burma and Siam. The city of Bangkok might well have become an Asiatic Fashoda had it not been for mutual French and British benefit to bury the hatchet because of the common danger resulting from the German expansion. The French and British cooperated in China through the first two foreign wars, but their paths separated as the British emphasized their commercial ambitions and the French pursued an undisguised course of political imperialism. In 1904, the British and French signed the "Entente Cordiale" which ended their overt rivalries in Asia, but the British still objected to the French disregard of the British sphere in the Yangtze Valley. The British feared the political designs of the French vice-consuls, political

agents, explorers and scientific missions which penetrated through Yünnan, into Szechwan, and all the way to the Tibetan border. But their antagonisms never came above the surface, because they both felt the need of cooperation against the diplomacy of the Triple Alliance. Both subscribed to the doctrine of the Open Door in China, and both protested friendship for the strong and growing nation of Japan.

After the World War, Franco-British partnership persisted because of the similarity of their European interests. The two nations quarrelled on minor points of concessions to China, but they saw eye-to-eye on major issues. The Sino-Japanese hostilities brought into sharp perspective the fundamental identity of French and British interests. They timed their protests to Japan to reveal unmistakably their basic agreement on the necessity of opposing Japan. They sent joint protests on the violations of the Open Door, on the closing of the Yangtze to foreign shipping, and on the Japanese occupation of Hainan. During the summer of 1939, five members of the Franco-Chinese committee of the French Chamber of Deputies visited England for the purposes of exchanging views on China policy with the members of the British House of Commons and demonstrating Anglo-French solidarity on questions of help to China and the boycott of Japan, and it was determined to dispel foreign misgivings about a Far Eastern Munich. The French were genuinely fearful that Mr. Chamberlain's willingness to negotiate at Tientsin indicated that he was going to give in to Japan on the broader issues. The French moaned that British pusillanimity at Tientsin would "sound the funeral dirge of the French and British concessions at Tientsin and probably all foreign interests in Eastern Asia." The French wanted to encourage the British to strike "a sound blow at the Oriental extremity of the Axis which would be at the same time a blow, serious if not decisive, to the German-Italian plans for aggression in Europe." The French were ever more willing than the British to take a stronger stand against Japan,

either by direct military measures in Eastern Asia or by more strongly worded diplomatic representations in ordinary notes or in the resolutions of the League of Nations. These were additional indications of French frankness in playing the game of power politics. The French would protect their interests by an uncompromising stand against Japan if the occasion demanded, or they would protect those same interests by understandings with Japan, if this course seemed the more advantageous.

The French have never opposed the positive American policy in Eastern Asia, and have frequently expressed admiration for the subtlety with which the Americans have maintained the friendship of both Oriental powers. The French have supported the Open Door, and have admitted and approved the offensive nature of our naval policy. A strong American navy has promised strength to the forces which would maintain the colonial status quo in the Philippines, the Dutch East Indies and Indo-China. The American President's huge wink at the doctrine of neutrality has pleased the French immensely. The French cheered the resolute way in which the Americans handled the *Panay* affair, and flattered by imitation the unequivocal tone of the American protests on the Open Door. The French have displayed more confidence in the Americans than the British have. The British have felt that Americans could never be depended upon, but the French have stated quite frankly that Americans could be depended upon to shoulder their share of responsibility in case of a showdown against Japan, alone or together with its Axis allies. The French have believed that American security and prosperity preclude the possibility of inaction or desertion of their democratic colleagues.

The French have opposed the Axis in Asia as well as in Europe but the degree of their opposition has been conditioned by the necessity of absolute preparedness against invasion back home. The French had memories of two invasions

by hordes of Germans and they wanted to prevent a third, cost what it might. Some French advocated a rapprochement with the Germans, but most French felt that the two nations did not speak the same diplomatic language. Only the ordeal of battle cleared the issues between France and Germany.

Bad blood between France and Italy has spilled over in Tunis, at Djibouti, and in the territories along the Mediterranean which were once Italian but are now the richest of the French Riviera. The Italian and German claims for revision of the Treaty of Versailles have not aimed directly at any of the French strongholds in Eastern Asia, but Italian and German dynamism has encouraged the Japanese to get away with their bold attacks against the foreign interests. But if the solidarity of the Axis should be destroyed, the Japanese would find themselves without a friend, and undoubtedly would be ready to call quits in their ambitious defiance of the world at large. The French have given in to aggression only because of force and upon written notice that their acquiescence was accorded under protest. With a break in the Axis front, or with a return of the democracies into the victory column, the French can be expected to avenge the humiliations of appeasement and surrender and to insist upon the return of their preserves in Eastern Asia.

With regard to the interests and policies of the French in Eastern Asia: don't underestimate the French or count the French completely out. Their possessions in Indo-China are large and they are valuable. French material interests in China are comparable to those of the United States. The French never talk very much about the necessity of protecting and promoting those interests; but they appreciate the value of positive action. They do what they believe to be the most expedient thing to do for their own welfare, and they trust to the future to take care of any objections or unpleasant reactions. They make no pretense at ideological bases for their diplomacy, and they do not care a fig for surface consistency

in their courses of action. But they talk and act as the occasion demands, and they compromise, retreat or resist only in response to the dictates of French advantages in the game of power politics. At the moment, French fortunes are low, but "la grande nation" is accustomed to thinking in terms of years and decades rather than days and months.

CHAPTER NINE

Germany in Eastern Asia

HISTORICAL BACKGROUND

THE DELAY IN THE ACHIEVEMENT of the unification of the German nation postponed until a comparatively later date the assertion of German interests in Eastern Asia. German merchants were all for taking French Indo-China as part of the spoils of victory of the Franco-Prussian war, but Bismarck turned thumbs down. The pressing preoccupations of the *Drang nach Osten* magnified Balkan and African problems above the question of China. By the time Kaiser Wilhelm II sought his place in the Asiatic sun, he proceeded on the assumption that China was a second Africa awaiting division by heartless colonial powers. The Kaiser had championed the advance of Russia along the Pacific littoral as a means of counterbalancing the British position, and the growing strength of Japan. In personal letters, and in pungent marginal notes on the drafts of official correspondence, he left abundant proof of his own conviction that encouragement of the Tsar was his best method of sowing seeds of discord in the ranks of the European coalition of England, France and Russia. The Kaiser's personal hand is evident in the three-Power veto of the Japanese usurpation of the Liaotung peninsula after the Sino-Japanese war. And he merely awaited a convenient pretext in order to obtain his compensation in the form of Ger-

man concessions in Chinese cities and an appreciable foothold on the Asiatic mainland.

An early German explorer had pointed out the strategic value of the Shantung peninsula. Shantung controls the southern approach through the Gulf of Pechihli to the city of Peking. Its harbors and fortifications balance the advantages accruing to Russia and Japan from the possession of the northern bases at Port Arthur and Dairen. The terrain of Shantung is the hilliest portion of the North China plain, and is therefore most adaptable for military occupation and development. Furthermore, the hinterland is rich in agricultural resources, and contains the coal which is vital to plans for industrialization.

The Kaiser had the domination of Shantung in mind, when in 1898 he sent Count von Waldersee to China in command of German forces which were to extract satisfaction for the murder of two German missionaries. Satisfaction implied the lease on the harbor at Kiaochow Bay, the fortification of Tsingtao and its environs, and the exclusive exploitation of the commercial and industrial resources of Shantung. This adaptation of familiar techniques in Africa inaugurated the Battle of the Concessions and gave Germany a most desirable stronghold on the China coast.

Germany came to terms with Great Britain and Russia with regard to the delimitation of spheres of interest, and profited from the Boxer uprising for the consolidation of its position. Germany insisted upon the command of the inter-Allied punitive expedition against the perpetrators of the Boxer outrages, because the slaying of the German Minister constituted the major grievance which demanded redress. German generals were largely responsible for the frightful policies of the Allies in looting and burning Peking, and German diplomats were primarily instrumental in assessing the huge bills for the Boxer indemnity. The Germans allotted to themselves twenty percent of all amounts due, and in perfect

harmony with the British worked out the scheme whereby the Chinese would be able to finance their obligations through foreign loans hypothecated on the Maritime Customs.

The German program in China was frankly imperialistic. Germany was in an expansive mood, and contemplated possibilities throughout Eastern Asia and the South Seas as outlets for its nascent ambitions. Putnam Weale, an adventuresome writer who devoted his life to the study of Asiatic intrigues and finally met his death at the hands of an assassin whose path he crossed in the pursuit of personal advantage from those intrigues, made a contemporary observation that

> the German program is as clear as day. In a few years another naval base somewhere in the region of Swatow will be required and then linked to Tsingtao by a system of German railways. A huge slice of Northern, Central and South China will be ruled from Berlin. . . . Tientsin will mark the northern limit of these ambitions, Kaifengfu the northwestern, Hankow the Central West, and Swatow the extreme south. . . . This German program clashes directly with no other Power in the world excepting England.

Meanwhile, Germany had established herself in the Caroline and Marshall Islands in the South Seas, and was knocking at the doors of the Spanish possessions before the United States posted notice of purchase and occupation. This German expansion was the direct result of government initiative, and largely that of the Kaiser himself. He took advantage of the economic weakness and the political embarrassment of his great enemy, England, to scatter the imperial influences of Germany in the distant realms of the Western Pacific. Much German opinion was apathetic and frankly skeptical. Many political leaders thoroughly immersed in the traditions of Bismarck doubted the wisdom of dissipating in colonies valuable concentrations of effort which could be utilized effectively in developing the markets at Germany's backdoor in Southeastern Europe. The Kaiser rode roughshod over half-hearted

opposition and taught future German leaders valuable lessons in expansionist methodology, both in the treatment of their own people and in diplomatic relations with foreign nations. Within five years after 1898, Germany had become one of the foremost colonial powers in Eastern Asia.

The World War brought disastrous consequences to this imperial power. As soon as war broke out, the German Minister to China foresaw the impossibility of preserving the German concessions in Hankow and Tientsin, and advised turning them over to the Chinese. What might have been given as a voluntary expression of good will, became a prize of war when the Japanese took them from the Germans in 1917. The Germans lost Tsingtao to Japan, and lost their mandated islands in the Pacific to Japan and the British dominions. The entire territorial stake of Germany in Eastern Asia evaporated through the terms of the Treaty of Versailles.

Germany has two intangible instruments of policy which may be thought of as strategic stakes with regard to China and Japan. The first comprises the Anti-Comintern Pact, and the Tri-Partite Pact of September 27, 1940, which have little meaning apart from their indication of coordinated German, Italian, Japanese and possibly Russian imperial intentions. The second is the Eurasia air line.

In 1930, Germany tried desperately to link Shanghai and Berlin by way of Mongolia, Siberia and Turkistan. Courageous pilots braved insurmountable handicaps of nature and diplomacy in a futile attempt to establish regular service between Europe and Asia by way of the shortest possible air routes. They tried in vain to arrange through-service with Russia and Outer Mongolia. After one Eurasia plane was shot down, the Germans sought an alternate route across the mountains and deserts of Chinese Turkistan.

They were trying to establish a course from Berlin, through Italy and the Balkans, and across Asia Minor without dependence on British Empire landing fields, and out of range

of British anti-aircraft guns. From Asia Minor they would like to cross Persia and Afghanistan between the Russian and the British spheres of air service, and thence fly into west China and eventually to Shanghai. But the mountain passes of the Asiatic ranges are higher than the highest peaks of the United States, with the result that flying is hazardous. Commercial payloads are well-nigh impossible. But German explorers have been working on the development of these air-ways. The miscellaneous inland services of the Germans in China were intended merely as feeders for this eventual Asiatic wedge.

COMMERCIAL INTERESTS

When Germany re-emerged on the Asiatic scene after the World War, it appeared as a trader, and not as a political imperialist. The German inflation of the early twenties made possible the dumping of excellent manufactured goods on the Far Eastern markets at ridiculous prices. The Orientals made haste to take advantage of these genuine bargains. Then the domestic disasters of the salaried workers and property owners in Germany drove many substantial German citizens into China and Japan to start all over again. These newcomers created new outlets for German firms which were delighted to thrust out new feelers into prospective sources of profit. Farben Industrie Gesellschaft, Stahlunion, Krupp, Siemens, Allgemeine Electrizitäts Gesellschaft, Carlowitz, Schmidt and Co., and dozens of less known organizations multiplied their contacts in the Chinese market.

The method of commercial penetration reflected a basic change in Germany's political attitudes. In place of the domineering tactics of 1898 the Germans substituted consideration and conciliation. German salesmen sought to ingratiate themselves with their customers. They studied Chinese conventions, politics, economics and art, ways of life, language, social customs. As Sir Eric Teichman described the process:

The British merchant was generally prepared to rest content with the sports, pastime, and amenities of existence in the treaty ports, while waiting for his comprador to bring business to his door. The German, on the other hand, would be found wandering in the far interior, seeking out contracts for machinery and electrical appliances, or collecting for export peanuts, soya beans, wood-oil, bristles, hides and wool.

In 1928 the Germans negotiated a commercial treaty with China which put their trade on a favored-nation basis. In 1930 the Reichsverband der Deutschen Industrie sent an economic mission to China to give a fillip to German commercial interests, and in the next year the Germans organized at home a school for graduate studies in economic relations with China.

By 1931 an extensive three-cornered trade had grown up between Germany, China and Japan. Germany bought more than it sold in relation to China; and it sold more than it bought in relation to Japan. The German oil mills had become the best customers for Manchurian soya beans, and in 1930 Manchurian products were entered on the international accounts as of Chinese origin. The Germans had perfected processes to obtain fats cheaper from soya beans than from butter, lard or margarine. They paid for their purchases of Chinese beans by bills of exchange derived from the German export surplus to Japan. But the success of this triangular trade depended on appreciable investments of foreign capital. Foreign loans to Germany, Japan and China

allowed Japanese capital to extend its profitable investments in Manchuria, the German worker to improve his standard of living, the Chinese peasant to escape from North China warlordism into the cultivable areas of Manchuria, and the Chinese landlords to collect increasing rents from what were formerly waste lands and now were turning into long stretches of kaoliang and soya bean fields.

After the depression, foreign capital disappeared from these particular channels. Trade stagnated. The Germans could

not buy the Manchurian beans. The Chinese landlords in Manchuria went broke and the farmers degenerated into banditry. This chain of economic circumstances threatened to destroy the value of Japanese capital in Manchuria and played a definite role in the introduction of the Japanese use of force in protecting their investments. The impossibility of attracting continued foreign assistance also necessitated the diversion of German economic attention from Manchuria in 1931 to Central China during the reconstruction period from 1931 to 1937. At the same time German business men borrowed from England and the United States, and with the proceeds of the loans, they manufactured arms for the Russians, who were scared by the Japanese advances. In 1931 Germany supplied forty percent of all Russian imports.

Without the necessary capital to provide any elasticity in the adjustment of markets, and without the hope of selling enough in Japan-controlled Manchoukuo to finance the re-establishment of the bean trade, Germany turned to China for barter agreements. Germany took tungsten, antimony, eggs and egg products, hog-casings, bristles, feathers, cotton and wool in exchange for dyes, machinery, munitions, and manufactured products of iron and steel. In 1936 General von Reichenau, as the agent for a combination of German firms, negotiated a one hundred million dollar deal involving the direct barter of wolfram ores and other Chinese raw materials for German arms, metals, railway supplies, an arsenal and a complete iron and steel foundry. This foundry was to be erected at Chuchow, an interior city conveniently located on the Canton-Hankow Railway, yet safely tucked away among the hills practically immune from enemy air-raids. Without the aid of these barter agreements, the German merchants would have been helpless in international competition against the affluent British. But with the aid of the advantages of the barter system, the Germans displaced the British as third in importance in the trade of China.

During the last preceding calendar year before the outbreak of Sino-Japanese hostilities in 1937, German exports to China amounted to 126,000,000 reichsmarks as compared to 94,000,000 reichsmarks of German imports from China. This trade amounted to a scant 2½ percent of all German trade, but it represented 16 percent of all China's imports and 5 percent of all China's exports. The German share in the total trade of China was exceeded only by the shares of Japan and the United States.

Although the actual quantities of goods involved in German trade with China were comparatively insignificant in terms of total world commerce, there were special implications of German-Chinese trade which threw a genuine scare into the ranks of all their competitors. The Germans did not try to dump consumption goods into China without any regard for Chinese capacity to pay. They limited sales strictly to comparable amounts of purchases from China. The Germans did not hope to provide China with raw materials but they could market their industrial skill, their manufacturing methods and techniques, and their managerial experience. Therefore, they proceeded on the assumption that they should aid China on the path to economic autarchy, and that they should encourage China to develop its own industries.

They sold capital goods and machines cheaper than the British could sell them and they taught the Chinese to repair, rebuild and replace the parts as they would wear out. They entered into partnerships for joint enterprises with the Chinese. The Germans would provide the machinery, the patents, the managers, and the technical direction in exchange for less than half the stock in a company or corporation. The Chinese would contribute the land, the labor and the building materials in order to justify their controlling interest. In this manner, the Germans assured the Chinese that they would destroy the influence of the Anglo-Saxon capitalistic robber-barons who would keep China indefinitely in a state of colo-

nialism. They identified German and Chinese commercial, industrial, political and cultural interests as those of the "have-nots" of East and West in opposition to the "haves" of the United States and Europe. These assumptions sounded good to the Chinese and of course promised a prosperous future to the Kuomintang economists who believed with all their hearts that China should industrialize in order to displace the foreigners in supplying their own tremendous domestic markets. The Germans believed that they would reap a maximum of national profit from this sensible policy of helping China to help itself.

German trade grew by leaps and bounds. It popped ahead of its 1914 peak and looked forward to new highs in supporting Chinese road-building, rail expansion, industrialization and militarization. The Germans dispensed with the services of middlemen in the treaty ports and built up their contacts with government officials and municipalities who were the direct consumers of German goods. The German clubs became social headquarters for officials in the National Reconstruction Commission, the Ministry of Industries, or the Ministry of Communications. These officials had their fingers on the Chinese purse strings and were the people who decided where and when the national funds should be dispensed. Such German middlemen as existed, would handle goods of any national origin, and at discounts usually greater than offered by the authorized distributing agent. A German middleman would sell his customer a Philco radio, in place of a Telefunken, if the customer so demanded, and would offer terms that the Shanghai Philco office would consider disastrous. By means of these trade practices the Germans cut slightly into the American share and into the Japanese share to a certain extent, but most of all they made a serious dent in the economic priority of the British Empire.

After 1935, the political policies of the Third Reich set in motion a train of circumstances which wielded new influences

on economic relations in Eastern Asia. The re-armaments boom stimulated demands for more raw materials. As it drew more workers to the factories from the farms, it accentuated the German shortage of fats and vegetable oils. Increased production of fats from hemp and flax seeds, plus the new resources of whale oil procured by the fishing fleet in the North Sea, fell far short of meeting the German demands. The Germans therefore desired the renewal of the soya bean trade and sent Dr. Kiep to the Far East in June 1936 to open negotiations.

But note the new factor which had entered into the situation. In 1931 Manchuria was a part of China and soya beans were part of the China trade. In 1936, Manchuria, now Manchoukuo, was a part of Japan, and soya beans were part of the Japan trade. In a way, this facilitated negotiations. Because of the new triangular trade (Germany selling machinery and capital goods to Japan, Japan selling manufactured products to Manchoukuo, Manchoukuo selling beans to Germany) involving only two nations which were sympathetic politically, they could easily cement their economic bonds, except as the recognition of Manchoukuo and the support of Japan would jeopardize the flourishing contacts between Germany and China. For two years, in Eastern Asia, Germany exhibited some fascinating feats of tight-wire walking between preserving the Japan-Manchoukuo-German economic entente and keeping intact its political and economic good-will and prosperity in national China.

From July 1937 until February 1938, the Germans supplied the Chinese with more than half of their munitions and military supplies. As one German remarked to an American "we protest love for Japan and send munitions to China; you protest love for China and send supplies to Japan." The Germans sent most of their munitions to China by way of the Lloyd fleet to Hongkong, but they actually consigned some through the territory of their alleged arch-enemy: Soviet

Russia. A few cases over breaches of contract in the Hongkong courts shed some light on the amounts of the secret armaments trade. In one suit, the firm of Maurice Augsborg appealed against a previous decision upholding the Fourth Route Army in rejecting 10,000 gas masks allegedly inferior to the samples offered. In another suit, the court heard evidence of a single order from a Hamburg firm calling for delivery of 80,000 shells at a cost of one quarter million dollars. But the complete story of the munitions racket will have to wait for future years when the Colonial Office at Whitehall is willing to expose reports from Hongkong, when the German shippers at Bremen and Hamburg with the permission of the Foreign Office are able to open their books, and when the adventuresome ex-consuls, old China-hands, and professional gun-runners are tempted to sell their memoirs.

As late as July 1939 the Germans gave unmistakable evidence that they did not intend to put all their China-eggs in the Japanese commercial basket. They contracted directly with China for the delivery of three Condor planes and of arms and munitions, in exchange for some twenty millions of dollars' worth of metals and ores from the southern part of China still in the control of Chiang Kai-shek. Considerations of Nazi party politics called for the contraction of the German stake in China and the expansion of relations with Japan. But this is not necessarily a permanent shift in directions. Germany may return to a concentration on China trade in accordance with the same political dictates which have advised its temporary diversion. The German profits from commodity trade, plus the income derived from the invisible items of shipping, Chinese students in Germany, and profits of Sino-German joint enterprises, constitute an economic plum which is not likely to be tossed away without a very definite assurance of compensation elsewhere. But if Japan and China were to perfect their economic bloc, Germany could expand its trade with both hostile nations.

The compensation elsewhere was sought in the German trade with Japan, and with third countries in Eastern Asia. Again using 1936 as barometer, German business relations with Japan were very slight. The Germans sold 116,000,000 reichsmarks of exports to Japan and bought 50,000,000 reichsmarks of imports from Japan. Germany supplied four percent of everything which Japan bought, but absorbed less than one percent of everything which Japan sold. And of every one hundred dollars which the Germans spent in foreign markets, only fifty cents found its way directly into Japanese pockets. But the Japanese took the indirect profits of a goodly proportion of the eight percent of German imports represented by the beans of Manchoukuo. The Germans sold to Japan machinery, iron and steel products, chemicals, dyes, metals and ores, tools, paper, wool, and yarn. They bought from Japan textiles, specialty lines and tinned foods but only in tiny amounts. German-Japanese trade was distinctly limited by the facts that the two countries were competitive buyers of raw materials in the world markets, and were competitive salesmen of identical lines of manufactured products. Japanese and Germans cut one another's commercial throats in determined efforts to sell good quality manufactured goods at the cheapest possible prices.

The Anti-Comintern Pact, the resurrection of the bean trade, and the war between China and Japan imparted a new impetus to trade between Germany and Japan. This increase accompanied a corresponding decrease in the trade between Germany and China. For example, during the first six months of 1937, the Germans sold to China 150 percent of the combined German exports to Japan and Manchoukuo. This figure declined to 117 percent during the latter half of 1937, and to 65 percent in the first six months of 1938. Until the outbreak of the war in Europe, the Germans sold to China only about half the combined German sales to Japan and Manchoukuo. While other foreign countries were experiencing losses aver-

aging 40 percent of their sales to Japan as a consequence of the Japanese-controlled import plans during the war, the Germans suffered only a 3 percent loss in their exports to Japan in 1938 as compared with the preceding year. The German share in Japanese purchases rose from 4 percent in 1936 to 7 percent in 1938. This increase is deliberate, not accidental, and is due to under-cover preferential treatment in matters of exchange and possibly of tariff. The Germans have obtained commercial and shipping agreements with the Japanese which guarantee at least most-favored-nation treatment, and at most preferential privileges wherever they can be legally extended.

Invisible items have no one-sided effect on the commercial relations between Germany and Japan. The Germans have the edge on the shipping situation, but the Japanese receive more than they spend on the interchange of students, government officials, technical missions, and interest on capital investments.

At first glance, it seems as if there is no solid basis for complementary trade relations betwen Germany and Japan. Upon more detailed examination, it becomes evident on what basis Germany has chosen to construct a strong bilateral economic union. The Party in Germany has proceeded on the converse assumptions that it is not necessary to consolidate strong political ties with China because of overwhelming economic advantages, and that it is necessary to create strong economic relations with Japan because of overwhelming political considerations. In other words, economics must follow politics, rather than vice-versa.

The Germans appreciate their own inability to supplement the Japanese industrial machine. Japan needs raw materials which Germany can not supply. While Japan drives for self-sufficiency in iron and steel, for example, the German government in order to meet its domestic demands has to remove iron fences from graveyards, and conduct a house-to-house

campaign for old razor blades, water buckets or kitchen utensils. It knows too that eventually the Japanese industrial machine, which the Germans are helping to create, will rival the achievements of the German prototype. But the Germans are confident that they can always stay a jump or two ahead of Japanese competition and they are willing to make mutual concessions in the products which they sell and the markets which they serve. The Germans have stayed away from textiles and mines in Eastern Asia, while the Japanese have conceded German priority in electrical machinery and optics. As a future working agreement, the Germans and the Japanese can easily establish quotas for each other in their preferred fields of Eastern and Southern Asia on the one hand, and Southeastern Europe and perhaps Africa on the other.

In the meantime, the two nations derive mutual profit from their understandings. Germany's economic crisis is an immediate, pressing consideration. Germany can not afford to lose any amount of trade now while waiting to see who is going to be the eventual victor in China. Since the China coast is actually blockaded, the temporary thing to do is to trade with him who can trade—at this particular moment. The Germans are convinced that helping the aggressor pays, as they learned from pleasant experience in Ethiopia. The Germans enjoy saccharine treatment from the Japanese in Manchoukuo, get 5½ percent interest on their credits to Japan, and inherit the blessings of the trade machinery which the Japanese have been forced to abandon temporarily in their world markets. Krupp, through its representative, Carlowitz and Company, has approached Japan with suggestions for barter in North China, and has indicated its willingness to take the Japanese currency or its equivalent in payment for German machinery and tools. Germany has already displaced the United States at Tientsin as the chief consumer of wools for the manufacture of carpets. The Germans are willing to take a chance on eventual ousting from China at the hands of the Japanese and

do not hesitate to sell their services to Japan as they did to China before the war.

The Japanese on their part profit from German cooperation. They appreciate friendship, when friends are all too few. They enjoy the confidence of reserve supplies of munitions which would be extremely useful if their own should become exhausted. And they feel more secure with the backing of what is reputed to be the greatest military machine in the world. They welcome the industrial help which the Germans are able to extend. They have admitted the Germans into joint enterprises in Japan and Manchoukuo, and have purchased German patents and licenses for smelting low-grade ore and for liquefying coal. They have utilized German experts in their chemical and dye plants, and they have acknowledged German initiative in experimenting with power-driven agricultural machinery for the vast grain fields of Manchuria. The Japanese have also granted German participation in the management of joint enterprises which are technically considered as Japanese Government enterprises. This makes possible the importation of machinery and supplies without the payment of tariffs. The Japanese have not acquiesced in the formation of German assembly plants or branch factories after the fashion of Ford or General Motors in Japan, nor is there any indication that the Germans have particularly desired or asked for this kind of organization. The Japanese have also joined with the Germans in setting up trading firms which handle the importation and sales of merchandise without distinction of origin, and the Japanese stand ready to reap the economic harvest in the South Seas, which is a direct result of German military supremacy.

The German-Japanese cooperation has brought the most lucrative and most tangible results in Manchoukuo. By the agreement of 1936, the Germans agreed to barter 100,000,000 yuan worth of beans for dyestuffs, paints, cameras and accessories, medicines, chemicals and machinery. As it actually

worked out, the Germans purchased their original quota of beans but Manchoukuo fell behind in its absorption of German products. Moreover, the price of beans sky-rocketed because of increased demands. The reduced purchases of German goods, in addition to the increase of the price of beans, worked unanticipated hardships on the German exchange, but the Germans were willing to overlook their own misfortunes in the interest of political friendship with Japan.

The aftermath of the anti-Comintern agreement entailed a revolution in the prospects of the trade of Manchoukuo. Both countries cast aside the restraints of their pretended friendship for China and negotiated a new pact on September 14, 1938, which increased by 63,000,000 yuan the amounts of goods involved on each side in the barter arrangements. This pact remained valid until May 31, 1940, and under its operation Manchoukuo increased its purchases from Germany from an original ratio of 1 to 4, to a ratio throughout 1939 approximating 1 to 2½. Germany in 1938 and 1939 consumed one quarter of the entire Manchurian bean output of four and one half million tons, and in addition made substantial purchases of buckwheat, millet, beancake, bean oil, peanuts, hemp seeds, magnesite and talc. This barter agreement between Germany on the one hand, and Japan and Manchoukuo on the other, had the disadvantage of covering only a few items in a highly specialized trade. It precluded the participation of small independent business men in the trade, and put the whole process under the complete supervision of the governments involved. As a government monopoly, the trade was subject to violent and unusual price fluctuations as well as the unpredictable restraints or privileges of political maneuvering.

The financing of the trade was extremely interesting before the European war upset the international arrangements involved. Chinese banks usually provided the funds which carried the beans from the farmer to the concentration depots along the South Manchurian Railway. Then Japanese banks

took over the papers, and financed the transportation of the beans to Dairen or Vladivostok. The Anglo-Dutch Unilever Corporation, which handled a preponderant share of the world's trade in fats and margarine, then took charge of the shipment which reached Germany through Antwerp or London. Thus although the barter agreement stipulated that Germany should finance the trade, the Germans actually shifted the burden to Chinese, Japanese and British. These agencies made the profit, but they also put up the cash.

The Germans look forward to increased penetration into the markets of Manchoukuo. They feel that the sky is the limit, after the political situation settles down. They admit that for all practical purposes the Japanese are the masters of the situation, and they are prepared to build for the future on the basis of present understandings with Japan. Krupp, AEG, Demag and Schliemann established selling agencies in Manchoukuo before 1939, and seemed all set to reap sizable profits in spite of the Japanese action in shutting the Open Door.

Germany has substantial commercial relations with Southeastern Asia as well as with China and Japan. In 1936, seven percent of German exports went to Eastern and Southeastern Asia, in spite of the fact that Germany had no clearing agreements with any of the countries in those areas. As the hostilities in China prevented the Japanese from continuing their huge sales in the South Seas, the German drummers sought new outlets there to compensate for their own economic isolation from the United States and the British Empire.

According to German figures for 1936, German purchases of rubber, tin, bauxite, tea, tobacco, copra and sugar overweighed the Dutch purchases from the Germans by a ratio of three to one. The unfavorable trade balance with the Dutch East Indies was even greater than the figures indicate. The Germans bought many products of East Indian origin in Amsterdam, London, or Hongkong, and did not list these

purchases as imports from the country of origin. The tremendous disparity in purchases and sales here resulted in a German-Dutch agreement and in a Dutch engagement to exert every effort to increase their own purchases from Germany. Heretofore, Japanese and German competition as buyers in the markets of the East Indies had kept the prices of raw materials at a high level, but since their rapprochement both agreed to price-fixing policies in their purchasing and selling.

Two other factors have been of interest with regard to German trade in the Dutch East Indies. One factor is the curtailment of imports of luxuries in accordance with war needs and the goal of economic self-sufficiency. The other is the factor of "Buna," or synthetic rubber in the German ersatz campaign. In 1938, Germany bought ten percent of the world's rubber supply, and it hopes to cut these purchases by half when its factories for Buna are going full blast. At any rate, the Germans believe that they are on the threshold of discovering substantial ways and means of relieving the pressure which the imports of rubber are putting on their strained resources of foreign exchange. Germany is also casting about South America in search of openings for rubber supplies, because the Germans have the forlorn hope of dodging the blockade by sending submarines to South America to bring home rubber supplies.

INVESTMENTS

German investments in Eastern Asia are on the modest side and far below the pre-war totals. In conjunction with the occupation of Shantung, the Germans had invested through the Deutsch-Asiatische Bank in local railways and mining companies. They had cooperated with the British in the construction of the route of the Blue Express from Tientsin to Pukow, and they participated in the Consortium's contracts for the Hukuang railways. By 1913, thirteen percent of all

railways in China contained a German interest. In that year, German investments were estimated at $400,000,000 or approximately twice as much as the present American investment stake in China.

After the war, German capital resources were wiped out and the only investments the Germans could make were reloans originally obtained in England, France, the United States or Holland. The revived Deutsch-Asiatische Bank carried on primarily with the strong backing of British financial interests. Gradually, the Germans created a new investment interest which grew side by side with the increase in German trade. By 1931, the Germans had found $75,000,000 to put into hydro-electric plants, factories, retail stores, mines, shipping and aviation. The Eurasia Aviation Company represented the most ambitious German project. It was capitalized at a scant $9,000,000, two-thirds of which was credited to the Chinese. But on this comparative shoe-string, the Germans undertook the gigantic task of developing inland airways for the whole of China and of establishing international connections from the heart of Asia to the heart of Europe.

In 1933, the Otto Wolff Steel combine in Germany came under government control when it asked for a Reich trustee to be admitted to the firm on the same basis as the original partners. Under official inspiration and undoubtedly with official subsidies, this combine entered the China investment market and obtained three lucrative railway contracts in 1934. The first, for $16,000,000, called for the construction of the two hundred mile section of the Chekiang-Kiangsi Railway between Yushan and Nanchang. This section was completed in 1937. The second contract, for $20,000,000, covered the one hundred twenty-five mile extension of this railway from Nanchang to the coal fields of Pinghsiang in Hunan. This section was finished in June 1937 just before the Sino-Japanese hostilities broke out. Of the third contract for $40,000,000, $30,000,000 was intended for a railway in South China from

Chuchow to Kweiyang and the remaining $10,000,000 was to be for a bridge on the Peking-Hankow Railway across the Yellow River. As a consequence of the reaction of the war in China on German policy, the Germans stopped delivery on steel materials to China and prevented the execution of the third contract. In 1938, it was rumored that Lufthansa had arranged for the erection of factories at Loyang and Yünnanfu, and that the German Siemens group had contracted for the construction of power stations and a steel foundry in the Chungking-controlled portions of Southwestern China.

In 1938 there were 3,500 German citizens in China, and they were employed in 340 registered German firms. They enjoyed a very high standard of living. It is entirely possible that they received German government funds as encouragements for their very creditable schools, clubs, hospitals and churches.

The Jewish purges in Germany have added complications to the anomalies of the situation of the German citizens in contemporary China. Before the ban upon Jewish immigration placed by the Shanghai Municipal Council in August 1939, some 10,000 Jewish refugees drifted into Shanghai. They created new problems of interrelations between these distinct German groups. It became a general community task to prevent these unfortunate Jews from degenerating into the hopeless social morass in which many of the White Russians have been entrapped. Because the Germans have no extraterritorial privileges in China, the Nazi consuls have not been able to exercise jurisdiction over the refugees. Their fate has been extremely cruel and it has not been helped by the Asiatic repercussions of the European war.

German investments in Japan are less than Japanese investments in Germany. Half of the 1000 German citizens in Japan in 1933 left the country during the following three years of German-Chinese love-making. Many returned to Japan after 1936, but there are still fewer than 1000 German residents in

Japan. These are the technical experts and the merchants whom the Japanese have welcomed, but they have not as yet placed any substantial investments in their adopted homes. Through 1938, however, the Germans advanced some $18,000,000 in short term commercial credits and allocated $27,000,000 more as a starter for industrial development.

The Germans have been looking to Manchoukuo rather than to Japan as a capital market. They have used monies received as repayments on previous loans to China for investments in the Showa Steel Mills and the Mitsubishi Mining Co. They have also used the sums originally allocated to China, but never used, for extending credits to the Manchoukuo industries for the liquefaction of coal and the smelting of low-grade iron ores. In 1937, the Wolff combine shifted its attention from China to Manchoukuo and contracted for a $10,000,000 loan to the Central Bank of Manchoukuo. This loan, running for six years and bearing interest at 5½ percent, is to be repaid through a special account in reichsmarks, held by the Bank in Germany. The loan is to be used for purchases of German machinery, and is to be the first of three similar installments. It was definitely a war loan, because it was extended at a critical time when the grandiose Japanese program in Manchoukuo was slipping badly. Lufthansa is reported to have come to the rescue of the proposed aviation industry at Hsinking, by advancing 100,000,000 yuan worth of supplies and equipment for Japanese military aviation there. Here is an interesting reversal: in 1931, the Germans armed the Russians against the Japanese; in 1938, they armed the Japanese against the Russians; and in 1940 they urged both countries to bury their differences.

German investments in East Asia are not huge advantages, nor huge liabilities. They are in marked contrast to the British investments. British political policy in Eastern Asia must be conditioned by investment considerations, but German policy can shift where and as it will, without major de-

pendence upon commercial and financial interests of a large number of its citizens abroad. Germany suffers more than is suspected because of the handicaps of inflation and rearmament. But in its comparative poverty, it has practically nothing to lose abroad except its debts.

THE POLICY OF GERMANY

The King of Prussia followed the British and French leads at the close of the Arrow war, and obtained his original "most-favored-nation" treaty in 1861. After he became the Emperor of the newly-born Second Reich, his mind was much too preoccupied with domestic problems to think of imperial undertakings in Eastern Asia. But, as has been noted, his successor, Wilhelm II, launched the German imperial machine on its Oriental career. He obtained the German concessions in Hankow and Tientsin in 1895, and the Shantung sphere of interest three years later. He nursed along the crudest and most blatant commercial exploitation of the hapless Chinese, and was eventually forced to drain the cup of personal bitterness in watching his imperial edifice topple before the onslaughts of the Allies in 1917. Then the Chinese exhibited particular resentment against the Germans. They interned the majority of German residents, took over the German concessions, sequestered the German ships in Chinese ports and confiscated for their own use the business properties of private citizens. The Chinese took particular delight in removing the humiliating von Ketteler arch from Hatamen Street in Peking to a more humble show place in Central Park. This memorial lost its significance as an evidence of the might of the Western Powers and became a symbol of the growing strength of new China.

During the war, rather anomalous relations existed between individual Germans, Chinese, British and French in Peking. "Enemy" soldiers side-by-side manned the antiquated defenses of Peking and indulged in no more serious fighting

than an occasional brawl in the cinemas, bars or red light districts beyond the Legation Quarter.

After the war, the Chinese and the Germans reestablished peaceful relations by a Treaty of May 20, 1921, and a supplementary agreement of June 1924. The Chinese had refused to sign the Treaty of Versailles, which had awarded the province of Shantung to Japan, and had thereby become special friends of the beaten Germans. The Germans curried the good will of the Chinese and renounced in their favor every pretension to the imperial privileges of the Kaiser. Chinese students and good-will missions flocked to Germany, and in return, German advisers assumed positions of leadership in Chinese reconstruction.

Foremost among the advisers were some outstanding Prussian officers who fled Germany rather than submit their military traditions to the fate of the German Republic. These men were extremely capable, and were willing to sell their services to Chinese military war lords in exchange for mere subsistence. Without any organization or coordination, they hired themselves to separate leaders, including the phenomenal young Chiang Kai-shek of the Cantonese. They convinced him of the superiority of German methods and German equipment, and showed him the wisdom of establishing a Chinese West Point which could assure a continuous supply of capably-trained military commanders. Under the guidance of Colonel Max Bauer, who later died from smallpox contracted from germs deliberately placed on a hot towel by a Chinese enemy, the Germans planned and established the Whampoa Military Academy in Canton. This institution in addition to its counterpart at Nanking, the Central Military Academy, pioneered in the recruitment and training of the modern Chinese national army. It departed completely from the ludicrous methods of the ancient Chinese God of War and introduced the tactics, strategy, and general procedure of the army of a modern nation.

Colonel Bauer's successor, General Kriebel, conceived the notion of an integrated military mission to replace the scattered individuals who often worked at inefficient cross-purposes with their Chinese employers. General Kriebel received the blessing of the German industrialists for his mission, for they saw in it the opportunity to corner the sales of arsenal equipment, rifles, machine guns, tanks, books, uniforms, trucks and airplanes which the rejuvenated army would demand. To a certain extent, these military advisers became super-salesmen as well as teachers of their own specialties to the young Chinese. General Wetzel followed General Kriebel, and he in turn gave way to Marshal von Seeckt and later to General von Falkenhausen. These disciples of Ludendorff were absolute tops in the military business and they were ably supported by the fifty or sixty instructors and engineers who constituted their assistants.

They achieved remarkable results with the Chinese cadets. They selected five hundred of the most promising Chinese soldiers for officers' training every year. They put the students through a rigorous four-year schedule and graduated the successful officers into the commissioned ranks of the national army. One or two German-trained lieutenants proved able to leaven the ranks of an entire division, and to transform a spiritless rabble into a respectable fighting unit. Above everything else, the German mission instilled into the Chinese the necessity of discipline and training in the process of making a finished soldier. The buildings at the Central Military Academy were spotlessly clean, the barracks and the class rooms were orderly and neat, and the drill-grounds were adequate and well-adapted to their military purposes.

The German mission stayed aloof from questions of policy. It always maintained correct although not intimate relations with Russian officers. Its historic friendship with Marshal Tukhashevsky contributed to the latter's court martial and execution for treason. It never had official relations, as a body,

with Americans in China, but it always extended every courtesy for observation or inspection to inquiring American military attachés. And on many occasions where Germans and American officials mixed in social gatherings, the prominent toast at dawn was "To the German Army and the American Navy." The mission experienced varying fortunes in its relations with the Government at Berlin. In the days of the Weimar Republic it was completely ignored, but with the advent of Hitler it blossomed into recognition as a vanguard of German military glory. It rejoiced at the resurrection of German national strength but it rebelled against Nazi party intrusion into the sacred precincts of the army command. And then in 1938, the mission had to withdraw from China in accordance with Hitler's determination to remove every German obstacle from the path of the Japanese advance into China.

The withdrawal represented an unpopular concession to Japanese demands. The Germans themselves were disconsolate to abandon the work which they had so auspiciously commenced, and the Chinese felt that they had been deserted by an erstwhile friend. The Chinese had treasured German direction in making themselves a strong nation, capable of self-defense and self-determination. They had aped the German tendency to look to military cures for all their political and economic ailments and they had expected the Germans to transfer to China the German achievement of a national revival by means of authoritarian rule in spite of an economic depression and international opposition. Chinese well-wishers in the United States, England and France had rejoiced openly in the anti-Japanese records of German teachers and Chinese pupils. General Stark in command of the artillery, General Streccius in charge of anti-aircraft instruction, and General von Falkenhausen among others had to retire to their homes and estates in Germany. They were ostensibly deprived of military honors, they were given no responsible jobs in the

Third Reich, and they were not even considered worthy of making a personal report to the Chancellor on the situation in the Orient. Those officers who had personal grievances against Hitler, or who had Jewish wives, remained at their posts in China. Captain Stinnes, formerly second to Captain Roehm in command of the Brown Shirts, remained in China as the Chief of Chiang Kai-shek's personal bodyguard, and some of the less distinguished German personalities remained in Hongkong subject to later call by the Generalissimo. Hitler himself protested complete loyalty to his Japanese partner. In addition to the recall of the military mission to China and the complete stoppage of shipments to China of arms and ammunition, he extended recognition to Manchoukuo and brought about the dismissal of refugee economic experts in the Chinese Government.

The Japanese had been incensed at apparent German duplicity in attempting to ride both horses in the Sino-Japanese controversy. The Japanese insisted upon radical departure from help to China and brought pressure to bear upon Nazi headquarters for the suppression of the pro-Chinese faction in the inner circles at Berlin. German traders feted H. H. Kung on his visit to Berlin after the coronation ceremonies of George VI. Dr. Schacht assured Kung of German counsel and industrial support because "German-Chinese friendship stemmed in good part from the hard struggle of both for independence." His Chinese guest responded:

> China considers Germany its best friend . . . I hope and wish that Germany will participate in supporting the further development of China, the opening up of its sources of raw materials, the upbuilding of its industries and means of transportation.

But on the same day, while these honeyed words were being exchanged in Berlin, June 9, 1937, other German representatives were in Hsinking, emphasizing the necessity of cordial relations between Germany and its Axis partner in

Eastern Asia. And immediately after Dr. Kiep negotiated the commercial pact between Manchoukuo and Germany, he hastened to Nanking to assure the Chinese Government that the Pact contained no political implications whatever.

Upon the outbreak of hostilities in China, the German Government announced its desire to trade with both parties in dispute, to take sides with neither and to maintain a position of strict neutrality. Germany wanted to keep Japan vital, as an ally of importance in the event of a simultaneous attack against Russia by Germany on the west and Japan on the east. Germany disliked any possible weakening of the military power of Japan. At the same time, it opposed the growing influence of the Communists in the unification of China and it stood resolutely against any decisive military defeat of China which would plunge that nation either into the arms of Russia, or into internal chaos and anarchy. The German press tended to gloss over the Communism of the Chinese Communists and to excuse the remarriage of the Kuomintang and the misguided Communists, who recognizing the error of their ways had returned to the National fold. Germans knew that protracted hostilities would destroy the purchasing power of the Chinese and would retard profitable reconstruction activities. Therefore, they authorized the German ambassador to China, Dr. Oscar Trautmann, to act as a mediator in the impossible task of reaching an understanding between China and Japan. When he failed to achieve his objective, he returned home. Although the German Government delayed the appointment of his successor, the Chinese ambassador to Berlin remained at his post upon the German request. This was just one small evidence of German unwillingness to abandon completely its position in favor of China. And all through the war, the inspired articles of the Ministry of Propaganda continued to emphasize the potentialities of a "normal" China market for German commerce and industry as well as the improbability of an overwhelming

and complete domination of China by Japan. Germany is still nursing the possibility of resuming its role as the foster brother of a victorious China, or as the economic sponsor of the German-Russian-Chinese-Japanese economic bloc.

German policy in Japan has been as checkered as German policy in China, except that it has progressed from friendship to enmity and back to friendship again. When the Prussian armies defeated the French in 1871, they attracted the attention of the Choshu clan in Japan. Japanese militarists terminated their contracts with French advisers and invited representatives of the victorious Prussians to modernize the forces of the island empire. These Prussian advisers continued in the service of the Japanese in spite of the clashes in policy between the two countries. German encouragement of the Russians in Korea antagonized the Japanese, and German plotting in Liaotung doomed the Germans to open enmity with Japan. Every commercial and naval issue between Germany and the United Kingdom at the turn of the century became an issue automatically between Germany and the United Kingdom's Japanese ally. The Kaiser was among the first to perceive in the industrialization of Japan the real "Yellow Peril." Then at the outbreak of the Great War, the Japanese by force of arms drove the Germans from their entrenched position in the Shantung peninsula. Japanese vessels convoyed Allied shipping from the Far East through the Mediterranean and to that extent contributed to Germany's ultimate defeat. The Treaty of Versailles confirmed the Japanese occupancy of its gains in China, gave to Japan as mandates the former German colonies in the Pacific north of the equator, and thus enabled Japan to feel that it had squared account number one of the three accounts it held against Germany, Russia and France respectively for their unforgettable conduct of robbing Japan of the spoils of war in 1894. In 1919, and after, the Germans and the Japanese seemed destined to political misunderstanding and commercial

competition in Eastern Asia and through the entire world.

But with the inception of the Hitler movement the Germans sensed the value of the Japanese alliance for the furtherance of designs against Russia in the Ukraine. The Germans speculated upon the common elements in the situation of the greatest have-nots in Europe and Asia. Both were overpopulated, poor in raw materials and dependent upon markets for their manufactures for continued prosperity. Both were confirmed revisionists, dedicated to expansion at the expense of Russia, the British Empire, the League of Nations or anyone else who happened to get in their way. Both were superpatriotic, given to hyper-militarism and contented to submit to totalitarian systems of government. Both felt deprived of their faith in the divine mission of their superior race. They discovered close bonds of sympathy in true Prussianism and the Japanese knightly spirit.

Cautious contacts between German and Japanese leaders preceded the negotiation of an actual understanding. In 1935, a naval delegation under Admiral Godo visited Germany and a military commission for the purchase of armaments followed in their tracks. In the fall of that year, the Japanese military attachés to every country in Europe met in Berlin. In April 1936, General von Reichenau visited Japan, after the conclusion of his barter agreements in China; and in 1936, General Ott, the former military attaché at the German Embassy in Tokyo was promoted to become Ambassador Extraordinary. The appointment of the Naziphile, General Oshima, as Japanese Ambassador to Berlin rounded out beautifully the military domination of Japanese-German relations and smoothed the way for the complete cooperation of the general staffs. Subsequently, military or naval officials or cadetships frequently passed back and forth on special missions.

It was no easy task in either country to pave the way for mutual agreements, because of the comparative strength of antagonistic factions. In Japan, the fighting services welcomed

the backing of the German army, particularly for eventual cooperation against the USSR. But they realized that the Germans might serve as a check on their intentions in China, and might divert the energies of Japan to the Russian border before the conclusion of the campaign in China proper. However, the merchants opposed an arrangement with Germany. They could not understand how the Germans could help in the eradication of communism in Korea, Manchoukuo and North China, which was Japan's immediate problem. The Japanese commerçants wanted no part in the ideological quarrels which divided Europe into hostile camps, and they preferred the actual good-will of the British and Americans whose surplus capital could make or break their economic projects on the Asiatic mainland. They rallied the gelatinous politicians to their own point of view and forced the resignation of the Hirota Government on the issue of the German Pact.

In Germany, only the Party headquarters championed the cause of Japan. The Reichswehr insisted that common ideology was no basis for an alliance, and that Japan was infinitely weaker than Russia from a military point of view. The German army was scarcely prepared to meet its problems in Europe, let alone the added burdens of coming to the rescue of a weak and distant ally on the other side of the world. Besides, the General Staff took pride in the achievements of German instructors with the Chinese and advocated the continued German training of the Chinese army. General von Falkenhausen had informed his colleagues in Berlin that with "two German divisions I could drive the Japanese out of China in two weeks," and his scorn of Japan implied converse faith in the comparative strength of China. He put no credence in the possibility of renewed Japanese-Chinese friendship. He saw nothing ahead but "friction and invincible hatred" and recommended that the Germans could gain immeasurably more in the long run from China than from Japan. These opinions from military headquarters ran counter to the

analyses of Ribbentrop and Himmler and played their part in precipitating the purge of the General Staff. In February 1938, Blomberg, Fritsch and others were ousted in favor of simon-pure political generals. During the two years which followed more than fifty German commanders were removed for no other reason than opposition to Nazi policies.

The German commercial interests, primarily the shippers of Bremen and Hamburg, and Dr. Schacht's Ministry of Economics opposed the jeopardization of their achievements in China. The German Foreign Office, the trained diplomats in the Civil Service at Wilhelmstrasse spoke openly and freely of German blunders in Eastern Asia and regretted the tendency to incline towards the attractions of Japan. They remembered the Kaiser's warnings on the Yellow Peril and the German losses at the hands of Japan in Shantung and the mandated islands. But they too had to bend before Hitler's decision that a victory for Japan was infinitely to be preferred to a victory for the forces of Bolshevism, meaning of course, Chiang Kai-shek and his Chinese Communist allies.

In November 1936, Herr von Ribbentrop, the former champagne salesman who became the most ardent exponent of Nazi policies, signed with Ambassador Oshima the German-Japanese Anti-Comintern Pact. The negotiants took a leaf from the Russian book, and admitted that a distinction existed between the Russian Government and the directive of the Communist International. Therefore they entered into a pact against "Communism" without ostensibly binding themselves to concerted opposition to the Russian nation. According to the terms of the Pact, they recognized the danger of the Comintern to internal peace and they agreed to confer on common defense measures. They invited others who felt themselves similarly menaced to join forces with them. They agreed to the establishment of permanent commissions for the exchange of police information and for collaboration on matters of publicity and propaganda.

The implications of the Pact were wider and deeper than the mere words suggested. Otherwise there would have been no point in dignifying ordinary police matters with the clothing of an international treaty. It is ridiculous to assume the necessity of German cooperation in repressing Communism within Japan, or vice versa, in view of the admitted efficiency of the Gestapo or local gendarmes in ferreting out and stifling every nascent tinge of liberalism or radicalism. Both totalitarian governments control the army, the police, the press and every organ of government, even to the point of personal injustice and alleged tyranny, for the dual purposes of censoring negative criticism and building positive opinion. The purposes of the Pact must therefore be discovered in what it suggested or omitted rather than in what it stated specifically.

Writing in *Pacific Affairs*, March 1938, p. 48, Miss Harriet Moore declared:

> The reference to the Komintern [in the Pact] is only a figleaf, covering the real content of the Italo-German-Japanese agreement. It is already clear to all that this is a question of the formation of a bloc of aggressors, intending to effect a new redivision of the world.

The three cronies (Italy of course having entered on the same basis as the original partners) planned to use the Anti-Comintern Pact as a camouflaged plan for the destruction of the British Empire and the redistribution of territories which it protects. This made possible the German-Soviet Pact, by which, according to Mussolini, the Russian Government joined the ranks of the anti-Comintern. It also paved the way for the German-Japanese-Italian Pact of September 27, 1940. It is not unreasonable to suspect that if these four could continue to cooperate in division of the spoils of war, the mandates would go back to their original owners, or would be reallocated so as to give Italy its desired share in Asia

Minor. The rich Netherlands East Indies would pass into the combined orbits of Japan and Germany, and the whole colonial world would be rearranged to guarantee the "have-nots" their rightful places in the sun. The Germans might intend to enrich themselves against their European opponents through the backdoor of Asia. The British Empire, and not the Soviet Union, might have been conceived as the ultimate enemy from the very inception of the Fascist Triplice.

The same internal factions in Germany and Japan which opposed the Anti-Comintern Pact, opposed the strengthening of the Pact or its conversion into a tight-laced Treaty of Alliance. Japanese civilian leaders were not willing to discard the flexible arrangement which permitted them to put any picture they chose into the anti-Comintern frame. They feared an "alliance" as a technique to tie them to the chariot wheels of the Rome-Berlin Axis and they shied away from the militarists' desire to cast in their lot unreservedly with the Germans, until the spectacular German successes in the spring of 1940.

To show how completely German-Japanese cooperation extended beyond the words of the Pact, the Japanese always timed their China advances to coincide with developments in Europe. The Japanese launched their ticklish venture into Canton, with all its possibilities of antagonizing the British in Hongkong and the French in Indo-China, at the time of the Munich Conference. Then with the annexation of Bohemia and Moravia, the Japanese announced the creation of the China Affairs Board, which took the problems of the development of China completely out of the hands of the Foreign Office and put them under the control of an independent agency directly manipulated by the army and the navy. The Japanese announced to the world at the time of the first Czech crisis that "we are ready to fight" with "arms if necessary, in support of Germany, because the Communists are pulling strings in Czechoslovakia in a nefarious attempt to Bolshevize

Europe." Japan's drive to the south followed immediately upon the embarrassments to Britain in Europe.

The Anti-Comintern Pact gave Germany greater liberty of manoeuvre in Europe, and provided Germany, Italy and Japan with a method of operating through concerted political, diplomatic and military offensives in widely separated parts of the world. The Pact also implied German help in modernizing the Japanese army: in motorization, in renovation of obsolete war material, in equipment of Japanese industries, in supplying liquid explosives and articles for chemical warfare, and in providing airplanes and engines. The Pact also afforded an excuse for mutual approval of intervention in the internal affairs of any neighboring country which failed to understand the purposes of the Axis or to cooperate with them.

The Anti-Comintern Pact was followed by a cultural agreement signed at Tokyo on November 25, 1938. "Deeply conscious of the fact that Japanese and German cultures have their foundations in intrinsic Japanese spirit on one side and in the German national life on the other," the two governments affirmed their desire to deepen their manifold cultural relations by promoting mutual knowledge and understanding. They agreed to "systematically promote their cultural relations in the domains of science and fine arts, music and literature, film and radio, youth-movements and sports, etc." In the first year of its existence, it encouraged a German press mission to Japan, an interchange of art exhibits, and a concentration of North German Lloyd cheap excursions to and through Japan. It led to one unsuccessful German movie about Japan and one unprofitable tour of Japanese dancers in Germany. The Germans tried to establish a German language newspaper in Tokyo, but they failed because the Japanese Government would not permit the use of a short-wave radio as a source for foreign news.

An interesting sidelight on the culture agreement has been the spread of anti-Semitism to Japan. In the Japanese Diet,

some fiery debaters announced that Manchoukuo should not be open for a haven for Jewish refugees. They suggested that transit visas should not be given to Jews to travel over the South Manchurian Railway for fear that they would disappear into the interior without the knowledge of the Japanese authorities. The Japanese administrators of their own pre-empted sector of the International Settlement at Shanghai placed glaring "*Zutritt verboten*" signs against the Jews on the Hongkew side of the Soochow Creek. There is no local basis for anti-Semitism in Japan, so these discriminatory measures are mere reflections of Axis politics.

The Sino-Japanese hostilities subjected German-Japanese solidarity to severe strains and stresses. The long drawn-out indecisive campaigns of the Japanese in China let Hitler down and verified the misgivings of the Reichswehr. Japan is weaker as a military Power than it was in 1937, and even in the best of circumstances it will require at least a decade for Japan to recover the international position it enjoyed when it signed the Anti-Comintern Pact. But Hitler continued his faith in his Japanese ally and held to his belief that eventually the Japan-China-Manchoukuo economic bloc and political entente will become a reality. He thinks that Chinese ideology is not antagonistic to National Socialism and he hopes that Germany will displace Russia, or the democracies of the West, as the inspiration of future Chinese political theory and practice. Hitler hopes that when the present belligerents bury the hatchet, and return to peace and harmony for the development of their own region, they will offer together the industrial opportunities for which the Germans are waiting and hoping.

The Japanese and the Germans have displayed a certain degree of mutual forbearance and toleration in difficult situations. The Germans refused to lodge a protest when Japanese aviators bombed the British steamer *Wangpu* bound from Nanking to Chungking with the staff of the German Em-

bassy aboard. When German protests have been lodged on other occasions, the Japanese have replied with promptness and courtesy. The Japanese have permitted to the Germans some shipping facilities at the mouth of the Yangtze River and have passed without censorship German commercial code messages from Tsingtao when stamped by the German consulate. When Hitler announced that he did not wish to be invited to return to Eastern Asia and that he was not interested in the status quo of lands in the South Seas, he approved the go ahead signal for Japanese expansion.

But Germans in China have brought constant pressure to bear upon Berlin to recognize the embarrassments and the challenges of the Japanese in China. The German Chamber of Commerce in Tientsin in its 1939 report issued under stress asserted that "most Germans in China are at least as bitter as any other foreign group against Japanese discriminations". The report continued:

> Not all our fears about damage to the basis of our existence have materialized—yet. But the development of affairs is bound to fill the Chamber with greatest concern. Export prohibitions and measures in the interior are indications that things are developing in North China in a similar way to Manchuria. Foreign, including German, firms in Manchuria have been robbed of the possibility of buying export goods at the source of production.

The 1938 report of the German Chamber of Commerce at Shanghai is more lengthy, detailed and precise in its charges against Japanese procedure. It declared that the victory of Japan in China means the end of third-party trade, except as it contributes directly to Japanese expansion. The report goes on to say:

> It will be just in this way that we shall jeopardize that position of ours in China which under Chinese tolerance we would be able to maintain for a long time.

This remarkable document merits an extended analysis because of its frank, forthright exposition of the point of view of the very successful German business men in Shanghai. It traces the German share in Chinese reconstruction and sketches the catastrophic effects of the war on export contracts, exchange transactions, and import business. It outlines the hardships inflicted upon the merchants by the banks, shipping companies, and insurance agencies which sought only to protect themselves. Then it dares to state:

> To bodily danger, destruction of property and the crippling of commerce there was added, at a trying moment sharply felt by many Germans, the position of the German press towards the foregoing, which forced our office to protests by telegraph.
>
> This position of the German press has cost us more than money or goods. It takes away the trust of the Chinese people in our honesty and decency.
>
> We have in this country, in contrast somewhat to Italy, a good will to lose: the product of twenty years of persevering constructive work built from scratch by German merchants after the war. Chinese politicians for the most part comprehend the fundamental cause of our agreement with Japan. But they have no influence over the mass of Chinese people, who cannot conceive that one can make the path free for Japan through the Anti-Comintern Pact and at the same time be China's friend. We are economically dependent upon the humor of those buying and selling masses and even in the districts possessed by Japan their state of mind is now against us.

It alleges, in continuing, that a free, independent China would offer boundless possibilities in contrast to a make-shift temporary expansion to be enjoyed under the aegis of Japan. It doubts the ability of Japan to conquer China and emphasizes the native wealth which has made of China one of the greatest self-sufficient domains in the world. From this it follows that Europeans and Americans will be the first and greatest losers in the event of a Japanese victory. Foreign banks will go under and they will be followed by trading

houses, unless the governments rally to the support of China and their own commercial rights and interests. The report concludes with the affirmation that it represents

> the opinion of eye-witnesses, who have formed their judgments in continual practical contact with the land and the people and reputation, which she has won through ability and honesty.

The attitude of the German press which Germans in China deplored, is reflected in typical headlines or theme songs: "Japan merely returned Manchuria to its legal masters"; "If Manchuria were linked to Nanking, it would be open to Chinese-American anti-Japanese influence"; "Japan can not tolerate a strong competitive China"; "Japan, paying no attention to the Treaty of Versailles, will realize its Asia imperialism"; "Japan must push against its Russian and Anglo-Saxon rivals"; and "Japan must find its *Grossraumswirtschaft* in Eastern Asia." The unstinted praise of Japan, coupled with the unmitigated condemnation of China, read well in Tokyo but grated on the ears and consciences of observers in Shanghai and Chungking.

But the German press also offered opportunities for expressing sympathy for China or at least for advising caution before climbing aboard the Japanese bandwagon. *Wehrmacht*, the organ of the General Staff, repeatedly pointed out that Japan is not a certain victor, that China as a country is unconquerable and its vast population is filled with undying hate. Another periodical has observed that Germany still has the issue of the mandates to solve with Japan, and has suggested, as a precedent, the Japanese return of the Caroline and Marshall Islands. Then after other countries follow suit with the surrender of Togoland and Kamerun, perhaps the Germans and the Japanese could work out a new arrangement for the sale or recovery of the Pacific possessions. More significant than these guarded intimations was the comparative paucity of space devoted to the discussion of Far Eastern questions

before the intensification of disputes between Great Britain and Japan. The absence of editorial comment indicated a wait-and-see policy, a willingness to keep the problems of the Orient in the background of European affairs. The Germans preferred to keep at a minimum their expression of pro-Japanese sentiments, or their disapproval of the political orientation of China toward Russia, Great Britain and the United States. The less the Germans would say, the less they would have to retract or explain away in the event of a radical shift in the execution of their own policies.

The half-hearted admonitions given indirectly to Japan indicated a lukewarmness in their support of the Japanese position. For example, Dr. Karl Haushofer, the leading supporter of the pro-Japanese policy and the high-priest of the cult of *Geopolitik*, warned Japan recently in the *Zeitschrift für Geopolitik:*

> He who rides a tiger can not dismount, how much more so in the case of one tiger that rides upon another: the violently erupting Japanese national feeling on top of the reawakened Chinese national consciousness which it has aroused.

Dr. Haushofer, in a report to Hitler after an extended visit to the Orient, declared that a fusion of the Japanese and the Chinese is impossible and that a compromise will be unavoidable. "But compromise becomes more difficult from day to day, the more the battle is waged against the only forces in China that can guarantee a peaceful issue." He recognized that the preliminary Japanese military victory must be consolidated as against the guerillas and must be followed by the important tasks of establishing tenable political objectives through culture and economics. He revealed no wavering in his support of Japan but he showed his concern lest Japan go too far and destroy its bases for eventual peace. He stated bluntly:

Japan must restore the over-run land and the people through spirit and soul, through feeling their way into a different national element, a national soul which is however infinitely more friendly towards that of Japan than is suspected by many who look at racial maps of the Far East—a soul with a deeply-wounded ancient national pride, that has reawakened with a force that was unexpected even in Japan.

Here in a brief paragraph Dr. Haushofer shows the basic element of contemporary German policy towards Japan. It counts on a reconciliation of Sino-Japanese differences, an eventual compromise based on racial similarities. The new Orient, which will have to be accepted as master in its own part of the world, will then welcome Germany, and Russia too if necessary, into partnership in the development of its latent resources. But Germany counts on peace and reconciliation, rather than perpetuation of the existing state of hostilities. At the same time, the Germans are realists and opportunists, and have put themselves in position to derive greater personal advantage from the war than any other nation with the possible exception of the United States.

RELATIONS WITH THIRD POWERS

Germany's relations with third Powers in Eastern Asia are conditioned upon internal pressures in Nazi Germany; upon simultaneous expansion policies in Southeastern Europe, Africa and South America; upon German military and naval strength; and upon the strength and weaknesses of the international system.

The argument that the dictators seek adventures abroad to divert internal discontent has been overworked and exaggerated to the point of untruth. The Germans are not likely to send soldiers to Japan or China, nor to fish indiscriminately in troubled Oriental waters for the mere sake of arousing German patriotism. The German population at home is fundamentally apathetic with regard to the situation in China and

Japan, and it experiences the same emotional attachment to the Chinese underdog which the American population seems to experience. And when the Germans think of international economic penetration, they consider the markets of East Asia less favorable than the markets of Southeastern Europe, which are in their political sphere, of South America, which are rich in raw materials, and Africa which are closely identified with their colonial ambitions.

The German ordinary citizen is convinced that once again his army is invincible and that it can win against any Power or combination of Powers. But many Germans "in the know" do not hesitate to point out their own weaknesses as opposed to the fighting potentiality of England. Many military experts deny the possibility of complete victory through Blitzkrieg and declare that war is certain to become a war of attrition. One German author, a Mr. Sternberg, in a work called *Germany and a Lightning War*, insists that the German industrial machine is highly organized but is simply inadequate because of its deficiencies in iron ore and oil. Moreover, he points out that the classes of 1901 to 1913 in Germany are untrained so that German reserves are inadequate. He adds that the food supply is as bad as in the dark winter of 1917. And he concludes that "the General Staff know that a long war is impossible and that it would inevitably result in collapse on the home fronts of the Axis Powers."

Germany treats Italy, the third member of the German-Japanese-Italian triumvirate, with kid gloves in matters of policy in Eastern Asia. The Germans have gone out of their way to extend greater courtesies to their Italian partners than the paucity of Italian interests in Eastern Asia would seem to demand. On May 22, 1939, the Germans and the Italians bolstered the Anti-Comintern Pact with a treaty of alliance. They agreed that in case one nation became involved in military entanglements the other would immediately support it as an ally with all military resources on land, at sea, and in

the air. They promised that if a war were to be conducted jointly, either would conclude armistice or peace only in full agreement with the other. On this basis, Italy joined the war on Germany's side on June 10, 1940. When this German-Italian alliance was extended to cover questions of Eastern Asia, it attracted Japan as a third signatory party. The three-Power pact recalls the dictum laid down in *Mein Kampf* that "an alliance whose aim does not comprise the intention of waging war is senseless and useless." Even then the alliance document does not guarantee solidarity of purpose and action, because no matter how skillfully an agreement is worded it will not guide national policy unless the nation retains the intention to act in the manner contemplated at the time of the negotiation of the instrument. And if the nation loses that intention, it will find some way to evade the obligations anticipated by the alliance engagement.

Germany had been very friendly to Tsarist Russia in Eastern Asia and had gone so far as to coal (with British coal) the luckless Russian fleet on its ill-fated journey to Tsushima. Germany and Russia had followed parallel paths in China as *personae non gratae* to Britain and the United States after the Treaty of Versailles and previous to the Russian Revolution. And by 1929, the two scapegoats had become so friendly that Germany was chosen to look after both Russian and Chinese interests at the time of their altercations in 1929. But by 1938, the Germans had departed from their policy of cooperating with Russia and had gone far in denouncing the Bolsheviks as the source and fountain head of all evils in China. Dr. Goebbels had declared that the Chinese had become blinded by Russian wooing, and that Japan "was merely trying to save China from its own foolish infatuation." When Russian aviators came into Hankow to fight in the service of China, they found themselves side by side with the German advisers. There was no fraternizing, nor exchange of pleasantries between these representatives of rival systems and

hostile nations who were giving or perhaps "selling" their talents and abilities to defeat a common enemy. Then in 1939, Germans and Russians were both together again as twin champions of justice and revolution against the plutocratic democratic imperialists in Eastern Asia.

German policy toward Russia is unfriendly, or friendly, as the occasion demands. It is a peerless example of opportunism in international affairs. When Germany wants to be unfriendly to Russia it emphasizes the difference in ideology and the poisonous effects of the activities of the Bolshevist Jews. When Germany wants to be friendly to Russia, it emphasizes the complementary relationship of their economic structures and the unimportance of ideological differences in the interest of political national cooperation. The German-Russian agreement obviates Russian dependence upon British Tories, exorcises the Russian fear of Nazi invasion, gives Germany its supplies in war time, enables Germany to contribute its skill to the industrialization of Russia, and permits both nations to concentrate on their immediate objectives of foreign policy.

Germany wants no relations with an international system which stems from the hated Treaty of Versailles. The Washington Conference and its Nine Power Pact are similarly damned as devices of Allied devils concocted without any regard for the interests or desires of the German Reich. Germany maintains neutrality in the struggle between China and Japan and denies the right of any Conference such as the Conference of Brussels to pass judgement upon the moral "right" and "wrong" of any nation's decisions.

Germany looks upon the moral preachments of the United States with undisguised amusement and believes that "speaking among ourselves, the U.S.A. really does not know much about high politics." It envies our ability to moralize on Sunday and to profiteer on Saturday night, but it has no sympathy with our ethical embargo of Japan. It treats the United

States with a kind of diffidence, tempered by its respect of American economic power. It would like to see the collapse of the American imperial system and it would undoubtedly be around to catch the pieces in case of the break-up of American hegemony in the Philippines or Latin America. Germany has always been an opponent of the United States in the Western Pacific and nearly became involved at Manila in open warfare. Early German imperialism in China ran afoul of the Open Door, and later German economic penetration wreaked havoc upon established American markets. The German espousal of the cause of Japan aroused particular irritation of the American champions of China. When the *Panay* went to the bottom of the Yangtze, the Germans merely commented that "the American boat had no more right to expect not to be fired upon than a neutral ship would have had if it had wandered into the middle of the Battle of Jutland." The recent assumption of contradictory roles of aggressor and spokesman for the status quo assumed respectively by Germany and the United States implies antagonism, misunderstanding and enmity in Eastern Asia as well as everywhere else throughout the world.

But the most critical relations between Germany and a third Power in Eastern Asia have been the relations between Germany and the United Kingdom. Even the Commonwealth of Australia has become involved in British-German disputes. Australia fears German support to Japan in driving towards the wide open spaces down under. Therefore Australia contributes substantially to British defense and war effort, and makes known in no uncertain terms its disapproval of anything which smacks of German-Japanese solidarity in united aggression. It continues its lucrative trade in wools with Japan, but it cooperates wholeheartedly, and of its own free will, in the war which it hated to see.

The British Empire has its problems in the world of Islam, the negro front in Africa, the position of India, and the

colonies and protectorates in Eastern Asia. These problems weigh heaviest in the councils of the United Kingdom; for their solution they challenge the combined abilities of the greatest corporation in the world—namely, the British Government. The British are most sensitive to attacks from German commercial and military rivals. In spite of the fulminations of Hitler and Churchill the British would not be averse to the principle of a general understanding with Germany because they feel a mutual sympathy due to racial kinship and common devotion to a reign of law and order. But the disparity in their economic wealth, political prestige, and government systems has rendered impossible effective cooperation as recognized equals. The Germans are not content to accept as final the historic fates which have brought aggrandizement to Albion and they want to divert to themselves any of the pieces which may be chipped away from the empire of Britain. But the Germans want that diversion to take place with as little war as possible, because they have a fundamentally healthy respect for the latent power of the British Empire.

The Japanese attacks on the entrenched British position in the concessions in China, coupled with the British muddling through appeasement and encirclement have given the Germans unrivalled opportunities to rejoice at British embarrassment. The Germans consistently have defended the Japanese position and explained it as inevitable that "the Japanese fight for a new order should bring up the problem of the international settlements as long as these become breeding grounds of intrigues and conspiracies and the scenes of incidents." The Germans guffawed at the ridicule of John Bull, "who looked rather ridiculous when the Japanese took off his trousers in public at Tientsin."

The Germans, some of them in the Party Office at least, feel that the British Empire is being hit from all sides and

that the Reich has everything to gain from pursuing it unmercifully to the grave. A typical German opinion is:

> The multiplicity of England's engagements on the continent has created a situation in which England's helplessness in the Far East is being exposed. English stupidity has had the result that Germany can scarcely believe English assurances of peace while Japan has complete right in raising the root question of the utility, from the point of view of civilization, of English activities in the Far East.

The Germans have striven to give the idea that England is in its dotage and has resorted to appeasement because of weakness and debility. They chided Lord Halifax for his "good sense in ordering a compromise with Japan," and they tauntingly asked him the hypothetical questions whether he wished the next surrender to be at Tientsin, Moscow or London. But fundamentally the Germans are not likely to make the mistake of underestimating their British opponents which they made in their calculations of 1914. Witness the words of Herr Hitler, in speaking to the Reichstag and by radio to the world on April 28, 1939:

> I have never left room for doubt of my belief that the existence of the British Empire is an inestimable factor of value for the whole of human cultural and economic life . . . The Anglo-Saxon people have accomplished immeasurable colonizing work in the world and for this work I have a sincere admiration. The thought of destroying this labor appeared and still appears to me . . . as nothing but the effluence of human wanton destructiveness. . . . A genuine lasting friendship between our two nations is conceivable only on the basis of mutual regard. . . . And I hope that all English people understand that we do not possess the slightest feeling of inferiority to Britishers. Our historical past is far too great for that!

The Germans respect British achievements, but they feel that Germans could have produced results comparable to

those achieved by the British, had they not ben handicapped by internal weakness and delays in arriving at their own national unification. The Germans resent the inequality of prestige between themselves and the British, and declare that there can be no improvement in Anglo-German relations until the whole world recognizes German "freedom" and the German "right to breathe." And the Germans must feel, even if they will not admit, a tremendous admiration for British ability to take the hammering the German air force has delivered.

Individual Germans and individual Britishers get on very well together in Eastern Asia. But national policies transcend the relationship between individuals in a given region at a given time. The future of German-British relations in Eastern Asia will depend in the last analysis on the outcome of the struggle for German *Lebensraum* in Central Europe, for a larger German share of the world's resources, and for German free participation in overseas trade. The Germans may well inherit a chip off the British imperial block in Eastern Asia by temporary cooperation with Japan, or may let Japan take all the chips with German benediction. But in order to establish cordial relations with the block itself, the Germans will have to reach with the British a satisfactory solution to the basic issues which led to war in 1914 and again in 1939.

CHAPTER TEN

The Minor European Powers in Eastern Asia

No slur is intended on the dignity of Italy, the Netherlands, Portugal, Belgium and the Scandinavian countries by grouping them as "minor" Powers. Regardless of their claims to glory in Europe, they have played a secondary role in Eastern Asia. Their status in that part of the world is the sole basis for assigning to them lesser importance than attaches to the United Kingdom, France, Germany, Russia and the United States.

TERRITORIAL INTERESTS

Portugal and the Netherlands possess colonies which have significant political and strategic value in the international quest for power. Timor, an inhospitable island in the Malay archipelago, Macao on the coast of South China and Goa in India are the Asiatic remnants of what was once the mighty Portuguese empire. Prince Henry's intrepid navigators rounded the African cape, reached China, and "did the world stretch farther, they would have gone there too." Portuguese colonists did not have the good sense or the good behavior of explorers. The colonists made themselves totally obnoxious to the Orientals, and they were literally kicked out by the Chinese. Portugal lost its possessions one after another to the Spanish, the Dutch and the British buccaneers.

Macao is a pitiable reflection of faded glory. It covers only eleven square miles of territory and it shelters one hundred fifty thousand people, of whom five thousand are Portuguese and half-castes.

Macao ekes out a miserable livelihood in slave trading, gun-running, smuggling and gambling. It is Havana, Monte Carlo and Las Vegas combined. Its streets are filled with Portuguese African negro mercenaries in khaki, priests in clerical garb, and sleek Portuguese administrators in the orthodox white of the tropics. Its transportation system is a mélange of rickshas and dilapidated German buses which have been splintered a dozen times by stray Japanese bombs. Macao has been doomed to commercial stagnation historically, because of Hongkong's predominance, and now because of Japan's development of neighboring Canton. Macao is unlikely to blossom forth as a flourishing metropolis.

The Chinese have never fretted about Portugal in Macao because Portugal never represented a real threat to China's independence. Conversely, the Portuguese mother land never paid too much attention to the well-being of its distant offspring. But in the past five years, President Carmona of Portugal has looked to a program of colonial development. He has declared that

> the colonies are limbs of the body politic, any amputation of which would mean, much more than impoverishment, the lively risk of bleeding to death. We are not selling, leasing, ceding or sharing our colonies. The Constitution forbids it and our national conscience would not permit it.

He has contracted for deepening of the harbor at Macao and he is exhilarated over the prospect of America's negotiation for Macao as a landing field for the trans-Pacific clippers. Perhaps, if he could make the bait sufficiently tempting, he could find the means of resisting totalitarians in Europe, and Japanese in Asia. Japan eyes Macao. It has reportedly made

offers for the purchase of the colony, and has presented outright demands for the Japanese control of the customs and the police system. It would be a financial feather in Japan's cap if it could force the gambling houses to use Japanese yen instead of Hongkong dollars. And any Japanese foothold to the south would be politically welcome.

The Netherlands, however, possesses the prize political and strategical plum in the Indies. The Indies include the main islands of Java, Madura, Borneo, Sumatra, Celebes and Dutch New Guinea, as well as a host of Outer Islands. New Guinea alone is the size of the State of California. Superimpose a map of the United States on the Indies, and the Indies will cover a distance as great as New York to San Francisco. They are situated at the convergence of the ocean routes from Europe to Asia, and from Asia to Australia. They lie in the defense triangle between Hongkong, Singapore and Port Darwin. Therefore the status quo of the Indies has been a vital concern to the British fleet. The canny Dutch did not waste too much money on local defense as long as they thought the British would keep the Japanese—or perhaps the Germans—in check. One other consideration regarding distances is pertinent: from Nagasaki (the primary Japanese naval base) to Batavia is the same distance as from Pearl Harbor to Tokyo. The Japanese fleet would have a long way to go. It would pass under the shadows of its own fortresses but it would navigate through waters which are treacherous. Coral reefs, unpredictable currents, mines, and an enemy mosquito fleet could make it interesting for battleships, supply boats and troop transports.

The Dutch Indies are storehouses of real wealth. They produce more oil than Japan consumes. They supply quinine, rubber, tin, sugar, coffee, kapok, hemp, spices, palm oil and a whole host of tropical spices for the markets of the rest of the world. In the boom days of 1929, the Indies did a billion dollar business in foreign trade. The Open Door invited all

comers. The Indies bought textiles, metals, chemicals, porcelain, ships, planes and miscellaneous consumption goods. Still they pocketed millions in profits on their exports. They sent bills of exchange home to the Netherlands, and to investors in England and the United States. With the depression, exports fell off: 20 percent in quantity but 70 percent in value. International control schemes hurt the tin and rubber producers. The Indies deserted their free-trade policies and adopted programs of tariff discriminations, quotas, embargoes and restrictions.

They resorted to measures which hurt Japan, which loosened the ties which bound the Indies to Asia. Conversely, they encouraged relations with the mother country, and strengthened the bonds between the Indies and Europe. Recovery followed. The armaments boom and the world-wide expansion in automobiles increased demands for the products of the Indies. By 1940, trade had approached one half the value of the good old days and had returned nearly $150,000,000 in net profits to the Dutch owners of the archipelago. Nearly one person out of five in Holland received direct income from some interest in the colonies.

Foreign investments in the Indies are tremendous. They approach four billions of florins. The Dutch own about three fourths of them. But the word "Dutch" means native-born Dutch, intermixed Dutch and Chinese, and Chinese subjects of the islands. The Chinese themselves have three times as much money in the Indies as the British. The British have 13 percent of the foreign investments, the French 5 percent and the United States 3 percent. The American share is somewhere in the neighborhood of $75,000,000. Most of it is in oil and rubber. The Standard Oil companies own 30 percent of the oil of the Indies, while several American tire companies own 40 percent of the rubber. The Standard Oil Co. of New Jersey, the Atlantic Refining Co., and the British Shell Oil Co., have recently brought into production fields in New Guinea which

employ 100 European and nearly 4000 Asiatics. The Procter and Gamble Co., and some American margarine companies have recently looked into the possibilities for obtaining larger supplies of palm oil from the Indies.

Dutch policy in the Indies has been jarred out of its tropical tranquillity by the combined German and Japanese threat to the British Empire and its satellites. The Queen of the Netherlands has always remained a legend in the Indies, and her power has been exercised by a Governor General: Jonkheer A. W. L. Tjarda van Starkenborgh Stachouwer. His wife is the daughter of Theodore Marburg, of Baltimore, one-time ambassador of the United States to Belgium. Dutch citizens occupy the higher Government posts. They get high salaries, frequent furloughs, early retirement and liberal pensions. According to accepted colonial standards, the Dutch has been a fairly liberal administration. But if they would have paid more attention to native problems earlier, they need not have become so concerned about Japanese and Chinese intrigues.

The population of the Indies is somewhere in the neighborhood of 65,000,000—about half the population of the United States. Two thirds of the people live in Java and Madura, only seven percent of the entire area. In these islands, there are problems of over-population. In the Outer Islands, there is a sparse population and a scarcity of labor. The Government has fostered a plan to move at least 50,000 annually to the thinly-populated areas. But the natives are too lazy to work, so the jobs are given to Chinese, to indentured servants or to imported Tonkingese coolies.

Most of the natives are of the Mohammedan religion, which means that they would be susceptible to Pan-Arab movements. Five thousand natives per year make the annual pilgrimage to Mecca. There are a million and a quarter Chinese in the Indies, only half of whom are native-born. The Chinese constitute a rich bourgeoisie and they have penetrated into

areas which the natives and the Dutch have scorned. They are farmers, merchants, fishermen, usurers, traders and oil workers. They send lucrative remittances to the folks at home, and they take to heart the local boycott against the Japanese. Seven thousand Japanese speak of the Indies as home. The Japanese are treated as Europeans, whereas the Chinese are legally assimilated to the Asiatics. That angers the Chinese. The usual stories go the rounds about Japanese espionage: fishing smacks as camouflaged naval auxiliaries; playgrounds as landing fields and tennis courts as gun emplacements. One spicy editorial declared: "Barbers—pooh! Shirt makers—bah! Photographers—like hell they are." The Japanese are doing their best to pose as the champions of the down-trodden natives, and to promise the natives improved welfare against the Dutch and the Chinese. The Japanese have set up their own retail system: shops, banks and warehouses. They are penetrating into distant nooks and crannies and have, for example, taken over in New Guinea the pre-war German concessions in damar (gum for varnish) and cotton. The Japanese own only one percent of all the foreign investments in the Indies.

The European population of the Indies numbers 240,000, of whom 220,000 are classified as Dutch. Anybody is counted Dutch, who has any Dutch blood in his veins. Only one Dutch in three is a hundred-percenter. These "Dutch" monopolize the political jobs and the most lucrative economic positions in agriculture, the mines, transportation, police and the professions. Physically, these Dutch exhibit all the ear-marks of middle-aged prosperity, so the natives can not but resent the disparity in standards of living. The largest European community aside from the Dutch is that of the Germans. There are 7500 Germans on the islands, of whom 400 are in government service. Ninety percent of the Germans are Nazis and they are subject to Nazi consuls. They have it within their power to embarrass the administration and to pursue tactics perfected in Norway and France, and to occasion interven-

tion by the Japanese. The Dutch have taken precautions by interning the male adults, and by closing the leading German commercial firms. Germans at liberty are closely watched and subjected to all the censorship of enemies at war. German ships in the harbors have been taken over. But the Dutch must go easy because of fear of retaliation by the Nazis against the Dutch kinsfolk at home.

The Dutch defense policy for the Indies is heroic, but it is tardy and inadequate. The Dutch have provided for an army of 40,000 of whom three-quarters are natives. Europeans are subject to compulsory military service. The Government has appropriated for an increase in the navy of the following units: three light cruisers, two flotilla leaders, twelve destroyers, sixteen submarines, sixty seaplanes, and fewer than one hundred trawlers and mine layers. But deliveries are slow and prices are high. The Japanese navy is by comparison stronger than ever, so opposing gestures from the Dutch are little more than futile. However, the Dutch could, if they would, make it expensive for an attacking armada. The only trouble is that the Indies' own defense budget is in the red, and is likely to continue deeper in the same color, since the subsidies from home have been cut off by the German invasion.

Native problems are annoying. The primary Dutch preoccupation has been to preserve peace, with its consequent opportunities for profit. But the natives have been developing a political consciousness. They want political independence, or dominion status, as well as racial equality. From the point of view of the boss—that's bad. The natives are getting the feeling that they do the work and some one else collects the income. They listen to Chinese, to Japanese, to Communists, to Hindus, to Pan-Arabs, or to anyone else who will paint word pictures of a better time when natives can go away to school or get the jobs which are now reserved for the higher-ups. Prince Konoye has spoken of "breaking the chains which have bound the natives to Europe" and of fostering "national

evolution." The extreme leftists among the natives have been mollycoddled by the Chinese and by the Communists. On November 13, 1926, the natives occupied the telephone exchange in the first step of an intended revolution. Western papers called it a Communist uprising, but intelligent natives referred to it as the first manifestation of self-determination. The upper-class natives are exponents of non-violence. They are silently anti-Dutch and are willing to wait patiently for the day when the Dutch will give them liberation:

> The myriads of the East Indies are as tranquil as a beautiful Javanese volcano, and as still as the calm of the dull equator. But volcanoes do rumble, and the equator has violent thunder storms.

These myriads would not welcome Japan—because a new master is always more severe than an old one. They would possibly cooperate in a scorched earth policy. They would burn their own properties if ordered to do so by the Government as a defense measure against an invader. But they would demand their own pound of flesh in the shape of more promises and actual concessions from their colonial over-lords.

Less successful than the Portuguese and the Dutch in reserving territorial interests to themselves have been the Belgians and the Italians. The Belgians had for some years a concession in Tientsin, and a Legation Compound in Peking. They tried to get a sphere of interest in Kansu, China's Far West, but their efforts came to naught. In 1929, they surrendered their last extraordinary preserves of sovereignty in China.

In 1896, Italy sought from the Manchu Government a lease of San Men Bay, near Hangchow, a railway from the coast to Poyang Lake, and a license to develop the resources of the intervening territory. When the Italian ambassador presented his demands to Prince Kung, Prince Kung asked him to get an atlas and show him where his little old country lay. Italy met an identical rebuff to that which it suffered at the same

time in Ethiopia. In 1902, as a reward for participating in the Boxer expedition, Italy received a concession on the wrong side of the Hai River at Tientsin. Italy still has this concession, but it would gladly surrender it, if in so doing it would embarrass Great Britain. Italy also has its Legation in Peking, together with a new property in Shanghai which it expects to use for an Embassy, a commercial headquarters, a hospital and a club. Italy has two gunboats on the Yangtze and a small contingent of marines in Shanghai.

Italy has succeeded to a large share of the French responsibility for the Catholic missions. Italian missionaries have been active in China since the time of the famous Marco Polo. They include John of Montecorvino, St. Francis Xavier, Matthew Ricci and less-known Italian Jesuits, Franciscans and Augustinians. They brought to China, Bibles, clocks, maps, paintings, astronomical instruments, guns and other trappings of Western civilization. They reached the best people, they gained influence at the Court, but they fell from grace because of the argument over the "Rites" and the translation into Chinese of the word "God." Catholics ruled that the "Rites" of paying respect to ancestors were incompatible with Christian dogma, and when the Chinese emperor ruled that "God" should be translated as an impersonal synonym of "Heaven," the missionaries appealed to the Pope to have the sacred word translated to imply the personal nature of the Deity. The emperor was not offended because of the difference in concept, but it irritated him beyond measure that the missionaries should question his mastery of his own language, and appeal to a foreigner to have a revision of his linguistic edict. The missionaries won the translation but they lost forever the right to teach their religion under imperial patronage.

Later missionaries labored a long time to regain the privileges which they had sacrificed. Eventually they obtained by treaty the rights of purchasing lands and buildings for their institutions, and of practising and propagating their doctrines

without danger of being treated as criminals by the Chinese authorities. Two and one half millions of Chinese manifest allegiance to the Catholic faith. These are ministered to by 2000 missionaries and an Apostolic Delegate. The Church is becoming more deeply rooted than ever in native soil, but it benefits from the benevolent protection of Italy and the Vatican.

ECONOMIC INTERESTS

Italy and Belgium among the more minor Powers have the most substantial economic interests in Eastern Asia. Nine hundred Italians make their home in China, three hundred in Siberia and seventy in Japan. Most are missionaries. Some are ordinary business men. And some have such luxurious homes, such spacious gardens, and entertain so lavishly that their incomes must derive from some of the shadier trades of the China coast. The Italian Bank for China handles the financial business of the Italian Government and CIDEO is an official corporation devoted to the marketing of Italian products. Italians operate two lucrative insurance companies, some miscellaneous factories for specialties, and the Sino-Italian River Company. The River Company is a recent creation, probably a dummy corporation, designed primarily to transfer ships formerly flying the Chinese flag to foreign registration. In this fashion, the Chinese were able to get their property safe from the hands of the Japanese. The Portuguese and the Americans have organized similar shipping companies which have come to China's help. The Italian flag covers three percent of China's foreign shipping, including the express service from Trieste to Shanghai, and eighteen percent of China's coastwise shipping. The Peking Syndicate is an Italian-British concern which owns and exploits coal and iron mines in Shansi and Honan. All together the Italians control only about $5,000,000 foreign investments in China, which is the merest fraction of all foreign investments.

The Italians received six percent of the Boxer indemnity funds. According to schedule, they were to be paid 1,500,000 lire annually until 1940, and two-thirds of that amount annually between 1940 and 1948. But by the efforts of Count Ciano, and the cooperation of T. V. Soong and H. H. Kung, the Italians cancelled outright these obligations in 1932. In return, the Chinese agree to the purchase of Italian airplanes and establishment of an Italian military mission to replace the Americans in China. Italy built an airplane factory at Nanchang, and sent two hundred Italian pilots, mechanics and technicians to teach the Chinese to fly. Some of the mission returned to Italy at the time of the Ethiopian crisis, and the remainder disappeared at the outbreak of Sino-Japanese hostilities. Against the advice of the Italians, the Chinese moved the factory bag and baggage from Nanchang to a point somewhere in the interior before the invading Japanese were able to capture or destroy it.

Belgian investments were largely the personal placements of Leopold II, *le plus condottiere des condottieri, le plus capitaliste des capitalistes de son pays*. Leopold tried to arouse popular enthusiasm among the bankers, senators and industrialists for investments in China, but the Belgian parliament remained dead against his schemes to put the people's money in foreign loans. Nevertheless, he acquired for his country a share of $40,000,000 in China's foreign investments, which amount is nearly one-fifth the American total. He participated in government loans, in railways and mines.

He played a very skillful game with the Russians and the French. By international agreement, the Russians and the French were restrained from economic investments in Central China and the Yangtze Valley. When the Germans and the British proceeded to make more money from their spheres than the French and the Russians could hope to make in North and South China, the Russians and the French wanted to chisel into the Anglo-German preserve. They did it by organ-

izing a Belgian corporation, and placing their investments through Belgian brokers. In this manner the Russian and the French bankers appeared to be keeping the letter of their contracts, and the Belgians were happy because they got their cut of the profits. The Chinese preferred to borrow from the Russian-French-Belgian combination because the combination offered money at lower rates of interest than the Consortium demanded.

The Belgians operated through the *Banque Belge pour l'Etranger* or through the French *Banque Industrielle de Chine*. For real estate business they patronized their own *Crédit Foncier de l'Extrême Orient* or the French *Société Foncière et Immobilière en Chine*. For specialized investments in railways they organized *La Société Belge de Chemins de Fer et de Tramways en Chine*, the *Banque Sino-Belge*, and *La Société Générale de Belgique*.

The earliest Belgian investments went into the proposed Canton-Hankow railway. Belgian schemes were thwarted by the machinations of the Great Powers, but the Belgians received six dollars in return for every one they ventured. Then they financed the railway from Peking to Hankow, then the Lunghai from Loyang to Haichow and its extension to Chengtu, and finally the road through Shansi from Tatung to Puchow.

Every one of these railways ought to be a gold mine. The King-Han goes through rich territory. It is without competition. But civil wars, banditry and invasion have destroyed its opportunities for profit. The Lung-Hai is the main east-west railroad in Central China. It parallels the Yangtze but is far to the north. It too has suffered because of the same civil disturbances. The Belgians have not received any payments on the capital invested in this railroad since 1927, and no interest since 1931. But with peace and order, the bonds should go sky-rocketing.

When the Belgians considered the remission of their share of the Boxer indemnity, they converted all payments due them

into a specific loan to China. They extended seventy-five percent of the loan in railway equipment and twenty-five percent in payments for "educational and charitable purposes". These foreign loans are not bad business. The books say that Belgium loaned China $5,000,000. In actual practice, this means that locomotive shops and car foundries in Belgium got orders from the Government for $5,000,000 in equipment. The Government paid the shops and foundries; the Government sold bonds to the public (probably some to the same people who owned the industries); and the tax payers (including the industries) paid the Government taxes equivalent to the interest on the bonds. And China sent to the Belgian Government an I O U which was of doubtful value but contributed to the stimulation of business in Belgium.

Belgian financiers have also obtained contracts for modernizing the mining equipment of the Kaiping coal mines in North China. Not a large contract, to be sure, but enough to make the Belgians extremely interested in the progress of Sino-Japanese-British negotiations over the fate of foreign investments whose income depends upon the good will of the Japanese.

The Netherlands has been active in banking, shipping, railways, and harbor construction in China. Two Dutch banks, the Nederlandsch Indische Handelsbank and the Nederlandsch Handel Maatschappij, have handled $10,000,000 in direct investments and $18,000,000 in portfolio investments in China. In 1920, the Netherlands Syndicate for China subscribed to $30,000,000 worth of eight-percent bonds in the Lung-Hai Railway. The Dutch shipping lines—Royal Packet Navigation Line and the Japan-China-Java line—carry about two percent of all shipping in Eastern Asia. Dutch Air Lines—the K.L.M. from Amsterdam to Batavia, and the Royal Dutch Indies Line, which serves inter-Indies traffic—are willing to expand their services to Hongkong, Manila, and Shanghai whenever it seems politically expedient to do so.

The Netherlands Harbor Works of Amsterdam completed in 1936 two jobs of deepening the harbor basin, constructing a breakwater one mile long, and dredging the entrance channel at Haichow. Watch this city of Haichow. It has commercial possibilities. Midway betwen Shanghai and Tsingtao, at the terminus of the only railway which feeds the interior, it could cut deeply into the trans-shipping business of Shanghai if the political authorities were to give it favorable rates or a monopoly on official business.

The Dutch carried out dredging operations at Macao and they were on the verge of constructing a usable harbor at Hulutao, a very serious North China rival to Dairen, when the Japanese forced the conclusion of the Dutch operations. The Chinese game in signing the harbor contract with the Dutch at Hulutao, was to put the Japanese at Dairen on the rocks by diverting shipments of soya beans from the South Manchurian Railway to the Chinese lines of inner Manchuria. Then the Chinese expected to ship the beans to the Western world via Hulutao, at their own railway terminus, instead of via Dairen at the terminus of the South Manchurian. Thus the Chinese would have gained what the Japanese would have lost: shipping revenues, profits on handling, collecting and financing the beans, storage space at the docks, wharfage fees, lighterage fees, labor employment among the dockhands, and ocean-carrying charges. No wonder the Japanese chose to take positive measures in Manchuria.

The Dutch refunded their share of the Boxer indemnity by financing the Hydraulic Section of the National Economic Council of China in 1934. They paid for a Central Hydraulic Research Institute at Nanking, which was charged with the accumulation of meteorological and hydraulic information. The Institute was engaged in making surveys, in tackling the problems of flood control, irrigation and improved navigation when the Japanese wrote finis to their laudable efforts. The Netherlands retains a post-mortem interest in the Institute

and in the general Chinese problem of hydraulic engineering.

In matters of trade, the Dutch because of the Indies are the most important of the minor Powers. The Indies absorb six percent of Japanese exports and supply three percent of Japan's imports. Stated from the point of view of the Indies, the Indies sends five percent of its own exports to Japan and buys fifteen percent of its own imports from Japan. Japan does more business with the Indies than it does with the whole of Latin America.

Italy does more business in the Far East than France does. Italy needs the products of the East, but the East could very well do without Italy. Italy and Japan are expanding their commercial interests as a matter of political policy. Both have more to offer now because of the Italian absorption of empire in East Africa and the Japanese expansion into Manchoukuo. Italy and Japan are natural competitors, but they can assume complementary relationships by mutual development of their unexploited possessions. According to the Italian-Japanese trade agreement of June 1940, the two nations aim at the exchange on a barter basis of 150,000,000 lire of goods per year, without any extensions of credit being involved.

Belgium accounts for two percent of China's trade and one percent of the total trade of Japan. Other small Powers, primarily the Scandinavian countries, have sufficient economic interests to justify diplomatic representatives. Together they account for three percent of the trade of the Orient. Norway leads in tramp shipping. Sweden sells matches, steel and armaments. Bofors is a familiar trademark in Asia. Denmark owns the Great Northern Telegraph Company, which owns and operates 3500 miles of cables in the Far East, 5000 miles in Northern Europe, and 6000 miles across Siberia. Skinny little telephone poles, as big around as a husky man's arms and just high enough to keep the wires out of reach of wandering nomads, mark the wire-way across Siberia and Mongolia. If

the poles were any larger, the wind storms would blow them down. It is the weary monotonous job of some Danes to patrol the route and keep the lines open. The Great Northern had a cable monopoly in Japan until 1912 and in China until 1930. It had connections in Hongkong with the British Great Eastern Telegraph Company, serving Australia and the Indies, and the Commercial Pacific Cable Company, serving the United States. Its cable business has been gradually restricted, and it has been ordered completely out of Japan as of April 30, 1943. Many Danes, as well as other Scandinavians, are found in the employ of foreign firms of other nationalities. The rigors of living have perforce made good internationalists of these hardy sons of the North country.

POLICIES OF THE MINOR POWERS

In matters of policy, the small countries are usually the satellites of some Great Power or other. Oftentimes the small Powers are useful façades for the Great Powers. On occasion, they have been convenient pretexts for agreements between China and the Great Powers. When disputes became bitter, a small Power could afford to compromise. It could plead helplessness. Then the Great Power could back up, by merely stating that it was following the lead of its "enlightened" neighbor. Small Powers have been pawns in Great-Power rivalry. If Great Britain wanted Russia to change its procedures, for example, Britain would work through Belgium and trust to the Belgians to bring pressure on their Russian sponsors.

Minor-Power politics have closely reflected local internal economic and political developments. And they must always be interpreted in line with world-wide developments in Europe and Asia. The minor Powers were champions of collective security as long as the international system promised to protect their own integrity. But with the breakdown of collective security, the minor Powers were the first to detect

the drift, to take advantage of it, to apply it to their own policies, and to seek their welfare and security in local arrangements. The Scandinavian countries turned to the Oslo agreements, and eyed the British for protection. Belgium and Holland formed a close entente protesting neutrality, while Italy swung into the camp of the Axis group. Belgium neglected its interests in the Orient, Holland looked after its possessions with the larger part of its energies, and Italy seemed content to subordinate its policies to the direction of its Japanese fellow-fascist.

Belgium surrendered to China its concession in Tientsin and entered into treaties with the Chinese Nationalist Government which promised China to revoke unequal treaties as soon as the others would.

Portugal sought to keep its Oriental fences in repair by currying the favor of Great Britain, as a possible protection against Germany at home and against Japan in Macao. The Anglo-Portuguese Treaty of Windsor, signed in 1386, pledged peace and mutual succor forever. Two centuries later when Charles II married Catherine of Braganza, he received as part of the dowry Tangier and Bombay. Charles said that she was "retiring and unbeautiful, though with pretty eyes and pleasing address." As his part of the bargain he gave her his royal self plus a promise to defend and protect all her conquests and colonies. These pledges were last re-affirmed by Anthony Eden on May 26, 1938. But in spite of the agreements, the British schemed with the Germans on at least three occasions for the division of the Portuguese empire. It is no part of the British plan to permit the Portuguese to whittle away or to barter any of their territories to a "pagan, unprincipled aggressor."

Portugal's second alternative for protecting its well-being has been appeasement. In 1936, Portugal renounced all rights to German property within its home territories and the colonies acquired by the Versailles Treaty. It has come to terms

with Franco, and in the face of *force majeure* it might permit its own ports to become points of attack against, rather than friendly havens for, the Orient-bound ships of the British fleet.

Portugal's troubles at Macao were first with the Chinese and later with the Japanese. China refused to recognize Portuguese sovereignty over Macao until 1887. Then the two nations signed a treaty "confirming the perpetual, inalienable occupation of Macao" and providing for friendship, commerce and opium control. Fifteen years later the Portuguese permitted the Chinese to open a customhouse at Macao to prevent smuggling and to inspect incoming vessels. Portugal enjoyed favored nation treatment with all the other Powers, and in 1928 was among the first nations to sign with China a new treaty on the basis of equality and reciprocity.

Japan's attentions to Macao became annoying in 1940. Japanese troops landed at Wanchai and Lappa, points uncomfortably close to Macao. They controlled all the routes leading to Macao, and could put the pressure on Macao whenever they should choose to do so. Japanese intentions were kept secret, but they covered control of the Customs, the gaming concessions, the police (for the suppression of terrorism), cordial relations with their own puppets in South China, and perhaps surrender or sale of the entire territory.

The Dutch have been brought face to face with a serious dilemma. The relations between the Dutch and the Chinese have been correct, if not exactly cordial. Early Dutch traders were better behaved than most Europeans. One Dutch subject, Mr. Gutzlaff, a missionary, served as Chinese language secretary for the British delegation which negotiated the Treaty of Nanking. Mr. Gutzlaff was glad to earn the money because he saw therein the golden opportunity to gratify his burning passion to scatter gospel tracts throughout the length and breadth of China. He rounded up the coolies, explained his scheme, paid them in advance, but was horrified and

chagrined when he learned that his colporteurs had pooled their income and opened an opium dive in Hongkong.

The Dutch signed with the Chinese in 1863 a treaty of friendship, commerce and protection of missionaries. In 1911 they agreed upon a consular convention and in 1915 a treaty of arbitration. In 1928 the Dutch joined the parade which celebrated New China by negotiating treaties as national equals.

Dutch problems with China have been primarily about the status of the Chinese in the Indies. The Dutch insist that all persons, including Chinese, born in the Indies are Dutch and therefore subject to Dutch jurisdiction; the Chinese insist that all persons born of Chinese parents, even in the Indies, are Chinese, and therefore subject to Chinese jurisdiction. The Chinese community is closely-knit, and keenly nationally-minded, particularly since the Chinese stand against Japan. They want to boycott Japan, and make things embarrassing for the Japanese residents of the islands. Furthermore, they take up frequent collections, and the Dutch remain tolerant provided the collections are for ostensible humanitarian purposes. The Dutch want to keep the Sino-Japanese war on the Asiatic mainland and they do not want the guest groups in the islands to demonstrate to the folks at home how it should be done. The Dutch are not too keen for either a decisive Chinese or a decisive Japanese victory. A Japanese victory would inspire a more positive menace from an external aggressor. But a Chinese victory would make the local Chinese haughtier than ever. It would multiply Chinese contacts with the natives and would inflame the smoldering fires of nationalism. As long as Japan preaches national liberation, the Dutch are not too much worried. Japanese brutality in China militates against native willingness to accept unreservedly Japanese leadership. But if a victorious China should take over the sponsorship of an integrated Pan-Asia movement, that would be a horse of entirely a different color. If the Chinese should win, "it would start an imperialism against which the

Japanese, British and American fleets combined would be helpless."

The immediate problem of the Dutch is to cope with the Japanese advance. Japanese organizations interested in the South Seas, like the Taiwan Development Co., the Nanyuan Development Co., the Pan-Pacific Youth Movement, the Pan-Asia Society and the Institute of the Pacific have been welded into a single League, inspired and directed by the Government. The Japanese Government announced its opposition to any change in the status quo of the Indies when the European situation threatened to remain at a stalemate. But after the German victory on the Continent, and the German assurance that Germany was not interested in the Indies, the Japanese talked a new language. High officials spoke of the necessity of reclaiming the Japanese heritage. "Japan has geographic and racial claims in the Indies which it lost while Japan languished in self-imposed isolation. The hour has struck when Japan should reassert those claims."

Germany would prefer Japan to Britain or the United States in the Indies. Trial balloons from sources close to Great Britain have suggested that the Indies should vote themselves into the British Commonwealth of Nations, so as to forestall Japanese occupation. But there is no reason Germany should sign a blank check for Japan to cash. The wealth of the Indies would be as welcome to Germany as to Japan. Germany, as long as it is at war with Great Britain, may be willing to encourage Japanese action in the South Seas as an added menace to the British Empire. But when the German-British accounts are cleared, Germany would be in better bargaining position for rubber and tin if Japan were still just a competitor and rival, rather than the master of the Dutch resources. Germany benefits while Japan delays action. If the Japanese are to reap tangible rewards for their cooperation with Germany, they must strike while the other nations are too busy to challenge them.

A Japanese Minister of Commerce has gone to the Indies for a new trade agreement. He has said that the Japanese concern for the status quo of the Indies means economic as well as political status quo. He would object to any mobilization of raw materials for the military purposes of the United Kingdom, which would tend to diminish the share accessible to Japan. If Japan is to counteract the effects of an embargo on petroleum products from the United States, Japan must be free to purchase her supplies from the Indies. Japan wants to make payments in yen and to utilize foreign tankers for transporting petroleum to Japan. Japan has intimated that the Indies would be required to adopt a new outlook on trade, because the realization of the New Order in Greater East Asia would be impossible without the cooperation of the Indies. Naturally, the Dutch have no intention of falling in with the schemes of Japan, unless their own friends and plans for defence prove hopelessly inadequate.

The announced program of Japan has caused the Dutch to look hopefully to the United States. American opposition is the only appreciable obstacle to the program of Japan. On April 17, 1940, Secretary of State Hull declared:

> Intervention in the domestic affairs of the Netherlands Indies or any alteration of their status quo by other than peaceful processes would be prejudicial to the cause of stability, peace and security not only in the region of the Netherlands Indies but in the entire Pacific area.

There is no hint of positive action or no threat of what the American fleet will do if the Japanese move. American opinion is divided. Some favor appeasement to Japan temporarily and some favor an immediate showdown against the whole lot of "gangsters and blackmailers." Outspoken opinion does not count costs and disadvantages. It merely thinks that Japan has no business in the Indies, and the high and mighty United States must stop Japan now.

Strong points and weak points characterize a possible Japanese attack against the Indies. Japan has wide-spread interests in the South Seas and is of one mind regarding its desired objectives. In that unity there is strength. Its fleet is concentrated in the Western Pacific and is well supplied by convenient bases. The fleet has not been harmed by the China campaign and is in the best possible fighting trim. Its enemies are divided. And the opposition which Japan could expect from the Indies' natives is sizable but not insurmountable.

On the other hand, there is no telling when the United States will rise in its wrath, desert its isolation, and shoot the works against Japan. America is strong: in man power, in equipment, in supplies, in reserves, and in industrial plant for replacing the sinews of war. Japan is weaker. It is deep in the China mess, and it faces the possibility of attack from Russia. Its raw materials are embarrassingly short and its ships are hard pressed to keep supplies and men moving to and from China. Its reserves are adequate but not plentiful. If an embargo on petroleum from the United States should be coupled with destruction of wells in the Indies, Japan would be reduced to embarrassing straits in short order. Japanese optimists insist that Japan has enough to go full blast for eighteen months, and in that time Japanese mechanics could get the Dutch wells back in production.

Japan is not afraid. Neither is the United States. Japan is determined. The United States wavers. But if the Japanese move and the United States becomes desperate, the war between Germany and Great Britain might genuinely become a world war. The alternative is consultation, and pacific progress towards international good sense, which implies normal access for everyone to the world's economic resources.

Italy's policies in Eastern Asia are in keeping with anti-Comintern procedures in Europe. Italy insists upon its status as a Great Power. "Mussolini has taken a third-rate Power, made it into a second-rate Power, and convinced the world

that it is a first-rate Power." Italy's post-sanction conduct has been in accordance with that assumption.

Historically, Italy has cut very little ice in Eastern Asia. Marco Polo, the great adventurer, was not "Italian," he was Venetian. All the early merchant-princes owed their loyalty to a prosperous city-state, and not to a unified nation. Italians sank into the background with the decline of the maritime importance of Venice, Genoa, Naples and Florence. Portuguese, Spanish, British and Dutch diverted the maritime traffic around the Cape of Good Hope, and neglected the Italian ports. Then with the opening of the Suez canal, the ships returned to the Mediterranean route. Italy regained its lost prestige, and Italian mariners once more piloted their ships to the East. After the World War, and particularly after the advent of Mussolini, Italy caught that new spark of supernationality. Italy became vigorous, Fascist, and the champion of those downtrodden nations "who would free themselves from the British yoke." Italy itself was extremely vulnerable to the British fleet.

Italy resented the Washington Conference, the League of Nations and the entire system of collective security. The Washington Conference, in Italian opinion, was an Anglo-American victory. It froze the status quo and perpetuated those conditions which would guarantee the predominance in Eastern Asia of the great imperialists. Italy alleged that the Chinese at the Conference did not really represent China. They came from the treaty ports and had no contacts with the suffering masses. They were well paid stooges of the British and Americans. Every claim which the Chinese made was inspired or even composed by Professor Willoughby, Secretary Hughes or some other behind-the-scenes manipulator of the Chinese puppets. Italy charged that she would favor the real China, the suffering masses, who were unaffected by the pretended diplomatic gains of the suave Chinese diplomats.

There is a tinge of sour grapes in the Italian attitude. Italy was only too glad to carry on friendly dealings in the orthodox manner with China, at least, until the Fascist program promised greater returns faster. Italy had the ordinary treaty of friendship, commerce and navigation with China from 1866 until 1927. Then Italy negotiated a replacement treaty which granted to China outright jurisdiction over Italian nationals. The catch in the situation was that the grant was not to become effective until other nations made similar grants. Italy outdid the others in courtesies to Chiang Kai-shek. It was the first to move its Legation out of Peking and to raise its Legation to the status of an Embassy (after Russia). Italy was extremely active in sending capable advisers to China, usually through the League of Nations. Italian silk, agricultural, legal and financial advisers came to China. In 1933 the Italian air mission raised the standards of the Chinese aviation. Then abruptly, Italy changed its policy.

Italy dropped its friendship for China and assumed a contradictory friendship for Japan. Events in Ethiopia precipitated the change. Before the Ethiopian campaign, Italy and Japan were at least cool towards each other. Mussolini had gabbled about the Yellow Peril and had felt that the Japanese were too active in the Italian preserve in East Africa. The merchants of Osaka had formed an Ethiopian Association and had equipped caravans to display Japanese wares in the interior of the country. Japanese merchants received cotton and coffee concessions from Haile Selassie, and the Ethiopian Foreign Minister asked "Why should Italy object if we have conversations with our Yellow Friends?" To cap the climax, there were rumors of the betrothal of Ethiopian nobles to Japanese girls of high birth. The Japanese planned mass migrations to Ethiopia and they established banks, insurance companies and trade associations to prepare for the coming boom. The only trouble was that the boom was the wrong

kind of boom. Japanese plans vanished and Japan made its peace with Italy.

Both nations dropped away from the League system and launched aggressive careers in their respective parts of the world. Japan refused to enter into the sanctions program against Italy. Italy praised the anti-Bolshevik achievements of Japan. Italy, Japan, and Germany formally cemented their friendship in the Anti-Comintern Pact in 1937. Italy and Japan recognized their mutual grabs in Ethiopia and Manchoukuo. Mussolini sent trade missions and good-will missions to Japan, and Japan rewarded Mussolini with the highest order of the Chrysanthemum. Unfortunately, Mussolini could not boast about his award. Chrysanthemums are symbols of majesty in Japan, but they are symbols of death in Italy. Every Italian cemetery has its chrysanthemum displays. So the *Popolo d'Italia* could only boast that Mussolini had received a "very high Japanese decoration."

At the Brussels Conference, the Italian delegate, Count Aldrovandi, espoused the cause of Japan. He moaned from the beginning that the Conference was futile without the presence of Japan. He insisted that the Conference should limit itself strictly to the announced plan of examining the situation and studying methods of peaceful solution. He put his foot down on any proposals for sanctions or punitive measures of any kind.

During the Sino-Japanese war, Italy poured into the ears of China the counsels of despair. Italy declared that further resistance was useless and that China should fall in line with the plans of the Japanese. The Italian ambassador stayed at Shanghai where he could be present at the functions of the puppet government at Nanking. Italy failed to make diplomatic protests to Japan when an Italian journalist went down with the *Panay*, and did not even send public representations to Japan when in 1938 Japanese bombers killed three hundred

civilians who were huddled together in the shelter of an Italian mission at Nanhsuchow.

Italy has moved its troops in China according to the requests of Japan and has prepared to station its ambassador permanently at Shanghai. Italy has applauded the institution of Matsuoka's one-party system in Japan, and has accorded fullest support to Japan's Divine Mission in Asia. Divine Japan in Asia, and the Holy Roman Empire in Europe—what a combination! Machiavellian, and extremely effective—so far.

Italy has given every support to the Japanese puppet regimes in China. After the establishment of the Wang Ching-wei Government in 1940, Count Ciano telegraphed the guarantee of

> my friendly cooperation and assistance to you in your efforts to reconstruct China. If under your leadership your country negotiates peace with our ally, Japan, I am firmly convinced that East Asia will have a new stage of prosperity and development.

Wang wired in return:

> I am trying to build Chinese-Japanese relations on an entirely new basis, in cooperation with both Chinese and Japanese who share my views. I am trying to remove all obstacles which would estrange the relations and put an end to the cruel hostilities.

To conclude the story of the minor Powers in Eastern Asia: their fate is in the hands of the gods of war as well as the gods of peace. The minor Powers have played the game of Power politics according to the will and behavior pattern of specific masters. They have managed to derive a sizable amount of protection and profit for themselves. Who will gain and who will lose in the future, depends upon whether a British-American victory will guarantee the preservation of the status quo, or whether a German-Italo-Japanese victory will bestow the spoils of war on those who were willing and able to go out and take what they wanted by fighting.

CHAPTER ELEVEN

The Soviet Union

SIBERIA

FOR THREE CENTURIES extraordinarily adventuresome or particularly naughty cubs of the Russian bear have been ambling over the Ural Mountains into the vast stretches of Northern Asia. Siberia—named after the Sibirs, one of the native tribes near Mongolia—has at last outgrown its original stigma as the unwelcome stepchild of European Russia and has gained recognition as the political core and economic storehouse of the Soviet Union.

Reaching from the Arctic Ocean on the north to Central Asia on the south, and from the Ural Mountains on the west to the Pacific Ocean on the east, Siberia forms a self-contained geographic unit which is half again as large as the United States. In this tremendous territory the Russians are seeking to establish complete agricultural, industrial, commercial and military autonomy. They want Siberia to stand on its own feet, quite independently of support from Russia in Europe.

Siberia is a virginal country which promises unlimited development. It constitutes an overwhelming challenge to the prospectors, scouts, geologists, engineers, and scientists who are engaging in uncovering its natural potentialities. Its fields of wheat, rye, barley, buckwheat, soya beans and sunflowers are already yielding quantities permitting an exportable surplus. Its farmlands provide a haven for ex-soldiers and young

pioneers who are lured eastwards by the promise of generous loans, tax exemptions and absolute personal security in the shelter of the collective farms. The workers are allowed private property in fruit trees, vegetable gardens, and domestic animals but they rely on community effort and the state market for the continued prosperity which Siberian agriculture has provided. The timberlands of Eastern Siberia supply wood for housing, for fuel, and for a huge logging industry. Sawmills and paper mills are to be had for the asking, and when their products flow into the stream of world commerce, they will cut deeply into the Oriental markets of Washington and Oregon. The forests of Siberia are the homes of the world's richest fur-bearing animals. Sables, ermine, mink, otter, foxes, whose furs formerly adorned the nobles of St. Petersburg, now provide the raw materials for the great auctions in Leningrad, Leipzig, St. Louis and New York. The seals and fishes off the Siberian coast furnish a living for thousands of Russians and Japanese. The export of maritime products provides a means of obtaining foreign exchange which is of great value in any country's national economy.

The Soviet officials have scarcely scratched the surface of Siberia's mineral wealth. They are tapping oil reserves of Sakhalin and Central Asia to supply local demands. They have discovered coal reserves estimated at one-fifth the entire reserves of the world, and have fortunately found deposits of iron in the immediate vicinity. They have unearthed tungsten, chromium, manganese, vanadium, magnesite, cobalt, and bismuth: all of which form alloys of value in the manufacture of steel. They have already placed in production bauxite, copper, lead, zinc and tin, and they have at their doorstep large deposits of gold, silver and platinum with which to pay the expenses of putting the mines into operation.

The Planning Commission is erecting industrial combines near the sources of raw materials. The first of these combines utilizes coal from Kuznetz, iron from the Urals and

power generated from the Yenisei-Angara River system. Chemical industries are being installed near Lake Baikal and non-ferrous industries are coming into being in flourishing young cities along the railways. Factories for bricks, paper, rayon, and leather provide work for those restless young Siberians who do not relish the prospect of passing their lives on the farms.

The Siberian program is one of nine-tenths promise and only one-tenth achievement. So far, industrial plants are in the early stages of construction. Blast-furnaces are only projected or at best half-finished. Miscellaneous small factories have seldom advanced beyond the blue-print stage. Within a few years these industrial skeletons may be tremendous assets, but for the present they are nothing but potential losses. War *now* would take Russian workers from industrial projects to front-line trenches, and would condemn the half-finished factories to rot, rust and ruin.

The Russians remember that in 1905 they lost the war to Japan because of transportation problems, and they realize that their industrial program will depend for its success upon the adequacy of means of transportation. Therefore, they have improved the roadbed, and have double-tracked the Trans-Siberian Railway. This double-tracking process—which covers a distance half again as long as from New York to Los Angeles—involved the construction of new bridges, stations, car-repair shops and storage facilities for fuel and water. In some places it meant re-routing and in mountainous regions it necessitated difficult tunnelling and grading. As an added economic asset, and as another guarantee in the event of war in Asia, the Russians are building the B.A.M.—the Baikal-Amur-Magistral trunk line two hundred miles to the north of the old Trans-Siberian. To augment the railways, they are constructing east-west trunk highways which will, when completed, assure uninterrupted communications between Moscow and Vladivostok. Sections between Khabarovsk and

Komsomolsk, and between Khabarovsk and Vladivostok, have been opened to traffic. But, for the present, most highways in Siberia are a continuous panorama of "detour" and "dead-end" signs. They constitute a military liability. These roads are mud-holes during the summer, but during the winter freeze they become easily passable parade grounds for trucks and tanks en route to the East.

The Russians are busily engaged on less basic, but more spectacular, communications projects in Siberia. They have linked the leading cities of Siberia in telephone and telegraph lines, and they feed the remotest corners of the Union with powerful radio-broadcasting stations. They operate air-lines from Moscow to Vladivostok, and from all the leading industrial points down the river valleys to the Arctic Circle. They are experimenting with the northern route to the United States by sea as well as by air. The flights from Russia to the U.S.A. are eloquent testimonies to their achievements in this difficult field. They are not forgetting the possibilities of dirigible transportation. They are supposed to be operating services out of Moscow in dirigibles floated by helium artificially manufactured from natural gas. They are using airplanes in Siberia for transportation, for surveys and exploration, for forest patrols, for combating pests and disease, for agricultural planting and for discovering schools of fish. Russian civil aviation ranks second only to the United States in miles flown and freight loads carried.

Russia is still handicapped by the lack of an ice-free harbor on the Pacific. Vladivostok is frozen much of the year and during the winter months it is economically useless. What an advantage Dairen would constitute if only the Russians could have kept it! But apparently reconciling themselves to the loss of Dairen, and temporarily abjuring imperialistic ambitions, the Russians are doing the best they can with Vladivostok and are adapting harbors further to the north for service as auxiliary naval bases. They have installed floating drydocks

at Sovietskaya Ganon and they have made remarkable strides in erecting a modern city at Komsomolsk.

Komsomolsk is a genuine city of youth—100,000 of them and mostly enthusiastic girls. They have drained swamps, cleared forests and built homes. They have linked themselves to the outside world by sea, by river, by highway and by rail. They have built stations, repair shops, garages and the thousand and one small industries which make for the complexity of modern life. And they have not forgotten their spiritual welfare. They have a library, a community club, a broadcasting station, a school system and four newspaper plants. These achievements are repeated on grander scales in Irkutsk, Krasnoyarsk, Tomsk, Novo-Sibirsk and every other town which the traveller may frequent in the midst of Siberia.

"Obvious are the political overtones occasioned by the presence of this treasure house lying across the north of Asia, in tantalizing proximity to an expansion-minded neighbor." Siberia alternately invites and defies any would-be invader. Its military position is practically impregnable against attacks from beyond its borders. The twelve millions of people who occupy this area are fortifying their natural frontiers and are striving to overcome the vulnerable spots in the hinterland. The Siberian army is a self-contained unit under an autonomous command. The Russian soldiers are amazing physical specimens and although modern military strength is measured in terms of ships, tanks, airplanes, cannons, and equipment rather than in terms of physical stamina, the superior strength of the Russian individual soldiers would be extremely important in hand-to-hand fighting. The equipment of the Russians compares favorably to that of the Japanese, and the resources of Eastern Siberia are more than adequate to support a Siberian army comparable to that of the whole of Japan. Without depending upon the hazardous communications routes to and from European Russia, Siberia itself is laying up supplies and strength for eventual war.

Russian interests in Asia beyond Siberia are of lesser importance. Russian interest is paramount in one-third of Chinese territory—that is, in Outer Mongolia and the endless stretches of Turkestan. But trade relations in these areas are on a small scale, and of relatively little consequence to either China or the Soviet Union. Russia sends eight percent of its exports to Mongolia and Turkestan and buys five percent of its imports there.

ECONOMIC INTERESTS

Russian trade and investments in Eastern Asia must not be measured according to the same criteria applied in estimating the stake and the influence of ordinary capitalistic nations. As a result of the high degree of self-sufficiency in the Soviet Union, foreign trade is deliberately subordinated to the demands of domestic economy. The Planning Commission determines each year exactly the contributions which can be expected from foreign imports. It plans to obtain those imports under the best conditions possible and arranges to pay for those imports by a compensating amount of exports. It does not seek one-sided advantages and it does not pursue the poisonous phantom of the "favorable balance of trade" which only results in economic distortions or bad debts. The Russian Government aspires only to freedom from economic and technical dependence upon foreign sources. Therefore its participation in foreign trade is infinitely less than its wealth of raw materials would seem to promise. Likewise it frowns upon foreign investments as instruments of imperialism. This nonexistence of economic stakes beyond its own borders produces a minimum of entanglements in the affairs of others. It strengthens the defense position of the Soviet Union and accounts for the Russian preoccupation in the preservation of the territorial status quo.

In its trade with Japan, Russia exports oil, lumber, fish, chemicals, ores, asbestos, coal and metals; but it boasts that

none of these materials are available for Japan's purposes in China. It imports only a small quantity of iron and steel-manufactured goods, non-ferrous metals, tea, and ships. These imports play an insignificant part in Russia's industrial development. From China, Russia buys tea, antimony, tin and wolfram; and to China, Russia sells oil, textiles and lumber. To date, the Russian trade has constituted less than one percent of all Russian external trade. But the menace of potential Russian trade with China has caused a succession of headaches to British and American petroleum and lumber interests. In addition to trade with Japan and China, Russia purchases quantities of tin and rubber from the Dutch East Indies. But, as intimated above, the external economic relations of the Soviet Union with other countries in Eastern Asia are unimportant. Certainly they are insufficient to prompt any aggressive actions beyond its own territorial limits.

RUSSIAN POLICY

Eastern Asia has played a decisive role in the formation of Russia's general policies in world affairs. After the Revolution, Russia was regarded as an outlaw among nations and had to fight its way into a status of equality with other states. Lenin, "the man of fire," defied imperialists in Asia by advocating the championship of all revolutionary and nationalistic movements as a lever for overthrowing European civilization. Until the time of the adoption of the first Five Year Plan in 1928, the Communists advocated the organized agitation against European intrusion, and the union of all people oppressed by capitalist nations as the first steps to be taken by the Third Internationale on the way toward World Revolution. Quite understandably, the Powers opposed this policy with all the strength at their command, and they accorded no recognition nor sympathy to the Russian Government unless driven thereto by the force of circumstances. But as Russia grew in power, it veered away from violent world revolu-

tion in favor of internal reconstruction. The job of revolution was assigned to the Comintern. In official circles, Lenin, "the man of fire," gave way to Stalin, "the man of steel." Stalin asked for nothing more than to be secure from aggression or from capitalist encirclement, and he accepted foreign help wherever it could be found. American engineers, British mining experts, and German technicians cooperated in directing Russia in the paths of a great industrial nation. In the words of Stalin, in January, 1934:

> Our foreign policy . . . is a policy of preserving peace and strengthening commercial relations with all nations. . . . We stand for peace and champion the cause of peace.

But after the rise of Hitler, and his challenge to the wealth of the Soviet Union, Russia threw off its cloak of lethargic pacifism and assumed the leadership of the forces for collective security. It disavowed the responsibility for the activities of the Comintern with the declaration that "we could not, even if we wanted to, export revolution." It entered the League of Nations, became the most outspoken critic of the "aggressor" states, and tried most ardently to breathe life into a decadent system. It sought to make of the League

> a permanent peace conference to heed SOS signals sent out in advance and not merely a peace conference for partitioning spoils, imposition on the vanquished of onerous and humiliating conditions, redistribution of territories and remodelling of states.

With this change of attitude, Russia became the most sought-after ally of the status quo states. Russia, the revolutionary, had been the friend of the revisionists; Russia, the stabilizer, became the friend of the "haves." In both cases, Russia was too powerful to be ignored.

Russia argued for the right of every nation to determine its own form of internal government. It sought peaceful co-

existence with Germany, even while Hitler was declaiming his interest in the Ukraine. It emphasized peace, because any war might serve as an excuse for the capitalists to gang up on their socialist enemy. Russia advocated non-aggression pacts, disarmament, and an effective guarantee of peaceful change. Speaking to the Communist Party Congress in the spring of 1939, Stalin declared:

> In its foreign policy the Soviet Union relies upon: its growing economic, political, and cultural strength; the moral and political unity of our Soviet society; friendship between the peoples of our country; the Red Army and the Red Navy; our policy of peace; the moral support of the working people of all countries to whom the preservation of peace is of vital concern; the common sense of countries which for one reason or another are not interested in the violation of peace.

Stalin warned against becoming involved in conflicts by instigators of war who are used to getting other people to pull their chestnuts out of the fire. He wanted no participation in an unjust war but he condoned help to fighters in a just war. An unjust war is an inter-imperialist struggle for power—like that in Europe; a just war is a battle for self-preservation—like that in China. When Japan protested Russian help to China, Russia answered that it could trade with China as it pleased. Russia argued that there was no war in China because the Japanese themselves had said so. But Russia's basic tenet of policy became the preservation of the status quo.

Russian attitudes and Russian activities more than any other single factor, determined who would be friends and who would be foes, and whether there should be peace or war in the struggle for a satisfactory balance of power throughout the world, and inferentially in Eastern Asia.

Russia in Asia has had to overcome the hazards of nature, the handicaps of time and the repercussions of the political

opposition of China, Japan and the great imperial Powers of the West.

RUSSIA AND CHINA

When Russia first clashed with China, the Manchus dominated the mightiest empire in the world. In 1689, two hundred fifty years ago, Chinese emissaries sat in tents near the present western extremity of the Siberian-Manchurian border and signed with the Russians a treaty to establish peace, to fix boundaries and to "repress the insolence of certain rovers who pass beyond the bounds of their lands to hunt, rob, and murder the Chinese." For the century and a half which followed, the relations between the two countries were without friction or serious unpleasantness. Camel caravans passed mutually-profitable trading stations in Mongolia as they brought brick tea to Russia and took furs to China in return. Guest students from each country studied the other's language in the latter's territory. Both Russian and Chinese adventurer-soldiers who were bold enough to reach the banks of the Amur stayed at least most of the time on their own side of the frontier.

After 1850, the court politicians in St. Petersburg became more ambitious for the wealth of Siberia and beyond, and they urged more active penetration into Chinese lands. They took advantage of the ignorance and decadence of the Manchu regime and negotiated treaties at Aigun, Tientsin and Peking, which gave to Russia the Maritime Province with the city of Vladivostok; which surrendered greater trading privileges to the merchants of the Tsar; and which redefined the frontiers of Eastern Siberia in Russia's favor. These gradual overland Russian encroachments upon China in the north, paralleled the advances of Great Britain, France and the United States upon China in the south.

After the Sino-Japanese war, Russia posed as China's friend, and wormed the Liaotung peninsula out of China. In 1894, the port at Dalny, as the Russians called Dairen, looked ex-

tremely attractive as an ice-free southern terminus for the projected spur of the Chinese Eastern Railway. Russia built the Chinese Eastern and used it as the spearhead for its political and military penetration into the whole of Manchuria. The Russians encouraged emigration into Manchuria, they built branch railways for the exploitation of coal and iron mines, and they obtained from China, with the legal blessing of the rest of the world, a practical monopoly in the three northeastern provinces. Harbin came into being as a Russian city, Mukden became an armed camp for the Russian forces, and Port Arthur assumed a new prominence as the Far Eastern naval base for the Russian fleet. The Russians overran Manchuria precisely as the Japanese were to do thirty years later.

The Boxer uprising gave the Russians an opportunity to increase their garrisons beyond reason, and to advertise their intention to occupy and annex probably the whole of Manchuria. Great Britain was dismayed because of the Russian aggression, but was powerless to oppose. Great Britain then had more enemies than friends, and worse still, its fleet was useless against the railway communications over which the Russians advanced. The United States attempted to condition the Russian gains by the Open Door. Japan, insisting that it was fighting the battles of the entire West, resorted to war to halt the drive of the Tsars. China remained neutral while Russia and Japan, the great Oriental Empire-builders, fought for the mastery of Manchuria. The war exposed Russia as a giant with feet of clay, dominated by an intelligent political clique, which was thoroughly devoted to the enrichment of its own interests. The aristocracy abused an ignorant, superstitious underprivileged mass of peasants who would one day be awakened by the flaming editorial appeals of an obscure writer named Lenin who began to write in an obscure paper called *Iskra*, "The Spark."

Between 1904 and 1914, Russia's actual influence in the

affairs of China was a questionable quantity. The constant menace of social revolution within Russia curbed designs for aggression and dictated a policy of armed truce with its cronies: England and Japan. Russia took advantage of its alliance with France, in order to spend the money of French peasants in railway schemes in China and in payment of fabulous emoluments of the imperial civil servants who wallowed in luxury in North Manchuria. Russia enjoyed imperialistic privileges in China, just as other nations enjoyed them, but it subordinated its Oriental political ambitions to its greater desire to beat the Hapsburgs in the domination of the Balkans and the control of the Straits. Russia in Europe was a constant instigator of crises, but Russia in Asia was a passive fellow-benefactor in the feast of China.

Then came the Revolution. The Tsars were overthrown and the nobles were forced to dive for shelter. Picturesque flowing-bearded aristocrats who dazzled their Chinese confrères with banquets served on plates of gold; blue-blooded Russian pioneers who curried the favor of the Court and waxed fabulously rich from the exploitation of the wealth of the Orient; these flowers of the nobility were toppled from their heights and forced to flee for their very lives. Post-revolution Russian diplomacy passed momentarily from the gutter of international cabal among the *haut monde* into the clear stream of service for the masses of Russian moujiks and Chinese peasants.

In 1919, the Communists—it is accurate to speak of the Russians in 1919 as Communists—offered to the Chinese the surrender of every unequal privilege Russia ever enjoyed if only the Chinese would accord recognition to them as the legitimate government of Russia. Russian emissaries reached Sun Yat-sen and sold him the idea of similar revolutionary interests. But the counsel—and the bribes—of the capitalists prevailed. While the Chinese dilly-dallied, Communist Russia degenerated from its position as the champion of an ideal to

the level of just another nation, selfishly and completely engaged in the pursuit of its own national interests. By 1924, Russia had rescinded its generous offer of 1919 and had bargained for new treaty relationships with the local government of Manchuria, and with the dizzy puppets who, basking in the reflected glory of a dominant warlord, held jobs as the Chinese national government in Peking.

In accordance with the arrangements of 1924, Russia and China agreed to restore diplomatic and consular relations, negotiate new treaties on a basis of equality and reciprocity, redefine commercial rights and privileges, forego propaganda activities, and determine the status of the Chinese Eastern Railway to the exclusion of third parties. Russia further promised to renounce its share of the Boxer indemnity, to recognize Outer Mongolia as part of China and to abolish Russian extraterritorial rights in China.

But before these stipulations could be carried out, Chiang Kai-shek had emerged as the leader of the Nationalists in China, and Stalin had cornered control of Russian diplomacy. These two personifications of national policy found it expedient to cooperate. For a time, Chiang was extremely happy to receive the support of Borodin, the civil organizer, and Galens, the military commander. Galens became famous as "Marshal Bluecher," in supreme command of the Far Eastern Army. He became so powerful, that it is rumored periodically that he has fallen victim to the purge.

The Russians taught Chiang how to appeal to the masses, how to use slogans effectively, and how to achieve diplomatic objectives by playing off one great Power against another. At the same time, the Russians assured him that they could be relied upon to help China drive the British, American and French imperialists out of the whole of China. These Russian advisers were popular before 1927 because they represented a nation that had renounced imperialism in China and because they rallied masses of soldiers, students, laborers, and peasants

to the banner of Chiang Kai-shek. Chiang was then just another warlord, not the symbol of unified China that he later became. He used the Russians to help him in his struggle against personal rivals who also wanted power, position and the revenues of China. At the same time, the Russians used Chiang because through him they were able to wage their Trotskyist battle against the hated imperialists in the Yangtze Valley.

Before 1927, Russo-Chinese cooperation was mutually advantageous. In 1927, the two countries split. Stalin forsook the anti-imperialist campaign in China, and Chiang found it more profitable to play ball with the Shanghai bankers than with the impoverished Chinese peasants and the Moscow dispensers of modest subsidies. China and Russia severed diplomatic relations, on the ground that the government officials were using their immunities to spread injurious propaganda on Chinese soil. The Chinese in Peking obtained with ease the permission of the Diplomatic Corps to raid the Russian embassy in the Legation Quarter in search of incriminating documents. The story is told that when the Chinese raided the offices of the Russian Military Attaché they found him busily consigning the archives to the flames. "But the Chinese are a practical people, not to be deterred by so simple a manoeuvre, and Chinese police were already on the roof pouring water down diplomatic chimneys."

Meanwhile, in Hankow, Chiang appreciated the significance of the division in Russia between Stalin and Trotsky. He decided to expel his Trotskyist advisers. He escorted them to the gates of the city and left them to their own devices to attempt to make their way across the desert to their homeland. At the same time, Chiang forced the Chinese left-wing leaders underground to continue their social struggles in the name of the outlawed Chinese Communist Party. Between 1927 and 1936, Chiang maintained the fiction or the fact of the anti-Communist campaigns. It is still too close to the event

to be able to say whether Chiang actually believed he could stamp out the Communist menace by corps of soldiers, or whether he went through a make-believe war.

There are many vital considerations which lend color to the allegation that Chiang was not really in earnest in fighting Communists. The Communists formed an excellent buffer between Canton and Nanking and thus secured Chiang against attack from his potent southern rivals. The Communists were weak from a military point of view, and did not receive substantial financial help from Soviet Russia. Moreover, fighting in Kiangsi provided an excellent excuse for building up a strong national army and for training in combat the units who one day would be called upon to fight Japan.

Chiang made of the Kuomintang an instrument of the bourgeoisie. He purged the Party of radical elements, and looked to the Shanghai bankers and the rich local gentry for money to pay his bills. He shelved the Party as an agent of political power, and transferred to the Government the right and the duty of administering China. He suppressed the anti-foreign planks in the Kuomintang platform, as a means of enticing further diplomatic and economic support from plutocratic Britain, America and Japan. In this manner he was able to convince his capitalistic supporters that he had turned his back upon his earlier cooperation with the Russians.

The invasion of China by Japan forced another change in the conduct of Chinese policy. In 1932 a powerful group of Chinese statesmen engineered the resumption of diplomatic relations with Russia as a temporary expedient against Japan. Chiang accepted this arrangement without any change of heart on his own part. He did not accept the principles nor the idealism of the Communist Party in Russia, but he agreed to take advantage of the Russian lapse into nationalism to gain material support against Japan. He received the new Russian ambassador and his staff at Nanking, and treated them at first with diffidence and then with cordiality. The Russians adapted

themselves admirably to their peculiar situation, realizing that their potential help was greatly desired whereas their personal presence as representatives of a national pariah was grudgingly accepted. They stayed by themselves, seemed to move in a world of their own, yet they were clever enough to keep their fingers on the pulse of internal political developments. They never crossed swords or words with the German military advisers, and for years foreigners of other nationalities were treated to the astonishing spectacle of avowed enemies in Europe working together for the strengthening of a mutual friend.

After 1932 Russia cooperated with China in order to strengthen its own national position in Eastern Asia. Russia believed that Japan was its worst potential enemy, and therefore put aside momentarily its differences with China in pursuit of a common national objective of limiting Japan to the Asiatic littoral. Russia gave its blessing to the truce between the Kuomintang and the Communist Party after the kidnapping of the Generalissimo in 1936. This truce did not indicate that Chiang surrendered to Communist philosophy of improving the welfare of the Chinese masses. It merely recognized that he obtained a valuable military ally in the struggle for freedom and independence.

The Russians championed the cause of China at the council tables of the Great Powers, and in August 1937 they entered into a non-aggression pact with China. This pact provides partially as follows:

Article 1. The two High Contracting Parties solemnly reaffirm that they condemn recourse to war for the solution of international controversies and that they renounce it as an instrument of national policy in their relations with each other, and in pursuance of this pledge they undertake to refrain from aggression against each other, either individually or jointly with one or more powers.

Article 2. In the event that either of the High Contracting

Parties should be subjected to aggression on the part of one or more third powers, the other High Contracting Party undertakes not to render assistance of any kind, either directly or indirectly, to such third power or powers at any time during the conflict, and also to refrain from taking any action or entering into any agreement which may be used by the aggressor or aggressors to the disadvantage of the Party subjected to aggression.

This agreement has proved of value to both signatories. To China, it signified sympathy and support even if it did not contain any pledges of active assistance. It guaranteed that Russia would not participate in any post-war negotiations with Japan for compensations in Mongolia, and that Russia would not enter into any peace pledges whereby the Japanese would be enabled to pull their troops out of Manchuria for service on the China front. To Russia, it meant that China would not join the anti-Comintern as part of the price of peace, and would not permit Japan to control the Chinese army in the pretense of stamping out Communism in China.

After signing the non-aggression pact the Russians entertained Chinese purchasing missions in Moscow and sent ever-increasing amounts of supplies to the Chinese front lines. These were not gifts, but were outright sales. Russian aviators and Russian planes are in China, but only as Italian or American might be. The Russians grant more liberal terms, perhaps, because of political considerations, but they see no reason why they should be any more responsible for helping China than the British or American navy. The Russians do not want China to collapse, and they find a diabolical justice in helping China drag the Japanese along towards mutual exhaustion. They see no reason whatever for diverting hostilities to the Manchurian border, where Russian soldiers would have to die and where Russian reconstruction schemes would be placed in jeopardy. They much prefer to keep the scene of battle in the Yangtze Valley where the capitalist Powers can squirm under the Japanese attack. In accordance

with their policy of helping China to carry on, they negotiated trade agreements in 1939, 1940 and 1941 by which it is stipulated that each country shall establish a Trade Bureau in the territory of the other. These Trade Bureaus shall supervise barter arrangements which presumably cover ever-increasing exchanges of tea, wool, tung-oil, minerals and silk for war materials and Soviet machinery. In three agreements, the Soviet extended to China credits of $250,000,000.

On the one hand, the Soviets have a keen appreciation of the relative merits of the many phases of political, economic and social developments in war-torn China. They do not delude themselves with the expectancy that China is going Communist, and they do not anticipate any new sphere of influence in China as a reward for their military assistance. They realize that they are contributing to the checkmate of a common enemy, and they are quite content with the progress of their ideas in the ranks of the Chinese themselves. They note the increasing emphasis upon the welfare of the masses, they applaud the creditable activities of the Chinese Communist Party, and the Fourth and Eighth Route Armies, and they favor the Chinese efforts to extend more minority rights to the Moslems and the Mongols. The Soviets refer constantly to the fundamental friendship between the common people of China and the U.S.S.R. and repeat over and over again their faith in the ultimate triumph of their United Front against the Imperialism of Japan.

On the other hand, the Russians show a sinister reality in their subordination of Asiatic affairs to the major preoccupations of Europe. Keeping in step with Hitler is more important than keeping in step with Chiang Kai-shek. Russia at least considers the possibility of a complete shift in its relations with China. It remains free to cut off aid to Chiang as a preliminary to his ousting; stake its future in China on the Chinese Communist armies; and assume active leadership in

establishing the bloc of Russia, Germany, Japan, and New China.

The Russians are confident of their strength. They believe that the purges avoided much worse trouble which would have developed if the conspirators had been given the time to build up a popular following. They point out that the most that any internal strife could achieve would be a change of leadership. The masses are solidly behind the external policy of the government, particularly in its stand with regard to Eastern Asia. On one occasion, an intelligent Russian lady in Moscow was asked if she really cared what happened in Mongolia, which was so far away. "Care!" she replied. "For Mongolia, we will fight like devils. Asking us if we would fight for Mongolia, is like asking you if California would fight to help drive out an invader from Florida."

The Russian policy towards China is at the moment a policy of cooperation, for as Stalin wired to Chiang Kai-shek: "I wish you complete victory." But serious differences of opinion will have to be settled before Russia and China will see permanently eye to eye on all Asiatic issues. The first difference of opinion centers in Manchuria and concerns the Chinese Eastern Railway. The Chinese Eastern, or the CER, has always been a political football involving the French (who really put up the cash to pay for it), the Russians, the Chinese and the Japanese. The White Russians used the CER as the spearhead of their penetration towards China proper, and they maintained control of their golden goose long after the Red Russians had established uncontested control over European Russia. During the Great War and the years which followed, Americans and Japanese operated the road as a wartime measure. In 1921, the Americans cleared out, and the Japanese contested with Chinese, Red Russians, "Radish Russians" (those who remained in North Manchuria and were completely White inside although for safety's sake they

adopted a Red skin) and nondescripts the right to control and operate the railway. The Washington Conference could not settle the muddle. But as the Reds grew in power, they supplanted the others and regularized their possession by agreements with China. Remember, the treaty of 1924 provided that Russia and China should "determine the future of the Chinese Eastern Railway to the exclusion of third parties."

After 1924, the old Marshal of Manchuria, Chang Tso-lin, who won his spurs as a free-lance bandit leader primarily in the service of Japan, endeavored to squeeze the Russians out. But the Russians were in no mood to stand for monkey business and in 1929 they invaded Manchuria. They forced Chang to accept a temporary arrangement for the administration of the CER, according to which the Russians were given predominating influence. A bilateral conference to determine the permanent status of the road was still in session in Moscow when the Japanese moved into Manchuria, took possession of the physical properties of the road, and announced succession to all rights of China in the railway.

When Japan, through its protégé, Manchoukuo, proceeded to purchase the residual Russian share in 1935, China immediately registered its emphatic rejection of all the transactions made and agreements concluded. This is where the matter now stands. Russia regards the CER as closed. It declares that the railway will still be in Manchoukuo after the war if the Chinese want to argue about the interpretation of the clause "to the exclusion of third parties." China insists that the CER is very much a live issue. China declares that the Japanese occupation was illegal, that the Russian sale was invalid, and that Manchoukuo's present title is imperfect and subject to prior Chinese liens.

The second difference of opinion between Russia and China deals with Mongolia, west of Manchuria. Mongolia is subdivided into Outer Mongolia and Inner Mongolia, the two regions being separated by the Gobi desert. Inner Mongolia,

on the Chinese side of the desert, is of small immediate concern to Russia, but Outer Mongolia is Exhibit A of the benevolence of contemporary Russian imperialism. Or perhaps it might be called indirect aggression.

The Mongols are shepherds who have existed in poverty-stricken self-sufficiency. Sheep provided for them felt for their yurts or tents, food for their daily needs, milk for sustenance and dung for fuel in winter. Both the Chinese and the Japanese encroached upon this self-sufficiency. The Chinese tried to convert the Mongols to farmers, which the Mongols resented, and the Japanese tried to force them to grow sheep for wool only. The Japanese plan would have meant dependence upon a single market and a single source of supply for daily necessities. The prospective loss of independence to Chinese or Japanese alarmed the Mongolian lovers of the wide-open spaces and prompted them to turn to Russia for protection.

The Mongols were political vassals of the Manchus, but they were ruled by a priesthood under the Living Buddha of Urga. This reactionary autocrat feared the effects of the democratic movement in China as early as 1910, and he made overtures to the Russians for protection at that time. Sazonov advised the Tsar that annexation of Mongolia would be politically insane, and inferentially informed the Living Buddha that he would have to work out his own problems with China. When the Manchus were overthrown in 1911, the Mongols asserted their independence. But the Chinese, in the interest of the land grabbers and traders who were reaping riches from unsuspecting Mongols, sent an expedition to Urga to reassert Chinese sovereignty over Mongolia. Whereupon, Russia, likewise motivated by commercial considerations, attempted to thwart the Chinese, to come to an agreement with Japan over Mongolian spheres of interest, and to support a Mongolian autonomy movement. Rivalries and bloodshed prevailed for three years. Then in 1915, delegates from Mongolia, Russia,

and China met in the market town of Kiakhta on the Siberian-Mongolian border and entered into a tripartite agreement whereby the Mongolians were given autonomous status, but under Chinese suzerainty. The Russians like this arrangement of Chinese suzerainty because it prevents the Outer Mongolians from entering into direct diplomatic relations with other Powers, and it serves as a cover-up while they, the Russians, monopolize commercial and military developments within Mongolia.

When Russia succumbed to the throes of its own Revolution, Chinese and White Russian renegades pillaged, massacred and looted the capital city of Outer Mongolia. "Little Hsu" overran Urga, and ruthlessly slaughtered ignorant and innocent who were unfortunate enough to get in his way. The Mad Baron, Ungern von Sternberg, with his terrorists shed rivers of blood until he himself was captured and killed. Then the Japanese took a hand in the proceedings by outfitting the Russian General Semenov who was charged with setting up an independent regime pliable to the will of Japan. It is reported that Semenov and his harem are still supported de luxe in Dairen with Japanese funds, waiting his enthronement as the Henry Pu-yi of Outer Mongolia.

Within three years the Red Russian army became strong enough to put an end to the reigns of terror and to restore order in its neighbor's territory. Red Russia helped in the formation of the Revolutionary Party of Outer Mongolia. It organized mass revolts against the corrupt domination of the high priest, or lama; it established schools for the public, and it set about the serious work of training young Mongols and Buriats for responsible political positions. It aided in the establishment of the Mongol People's Republic upon the death of the Living Buddha, and it reopened treaty relations on a basis of equality and reciprocity between Mongolia and Russia. Russia took more than a friendly interest in Outer Mongolia. It withdrew its own troops and sent its military

experts to train a local army. It supplied arms and military equipment without cost. It cancelled the debts which Mongols had accumulated and it ordered out of Mongolia those Russian colonists who had been guilty in an earlier day of exploiting the hapless natives. It dispatched technical missions to Mongolia for the improvement of sheep-raising and for the introduction of handicraft industries, and it advanced loans for commercial purposes without security or interest charges. It traded only with the State Wholesale Monopoly or with local cooperatives, and never with merchants or usurers. It built one highway north from Urga to the Trans-Siberian Railway, and another highway south to Kalgan and North China. Over these highways supplies escape the vigilant Japanese and filter into the arsenals of the Eighth Route Army.

With Russia thus leaning over backwards to develop Outer Mongolia in accordance with the desires and best interests of the local population, relations became most cordial between the two principals. This cordiality left China out in the cold, but Russia was careful to cater to Chinese sensibilities. Therefore in the Russo-Chinese Treaty of 1924, the Russians continued to recognize Chinese sovereignty, but they also continued to treat Outer Mongolia as if it were completely an independent nation or at best a unit in the Soviet Union.

As the Russian commercial and strategic stakes increased in importance, and as the Japanese advance from Manchoukuo towards Outer Mongolia became more menacing, Stalin announced to the world that on March 12, 1936, the Soviet Union and the Mongol People's Republic had signed a Mutual Assistance Pact. Any attack on Outer Mongolia would be a *casus foederis* to the Soviet Union. Present treaty relations permit Russian instructors in the Mongolian army, Russian troops to occupy the whole of Mongolia until any danger is over, Russian propagandists to work unhampered in Mongolia, and Russian concessionaires to monopolize the railway, industrial and commercial development of Mongolia. The

Russians insist that these stipulations do not violate Chinese sovereignty, but they merely take cognizance of a situation in which China is actually helpless so far as giving any assistance to Mongolia is concerned. The Chinese reply, but not very loudly, of course, that Russia is acting in violation of its own treaty obligations and is exercising its unconcealed ambitions to annex Outer Mongolia. But in the face of the actual Russian position in Outer Mongolia, the Chinese insistence upon political sovereignty there is untenable and scarcely arguable.

The third difference of opinion between Russia and China regards the territory of Sinkiang or Chinese Turkestan. China's historic relation with Sinkiang has been political and paternal, without racial or linguistic ties between the Chinese and the peoples of Inner Asia. The Chinese have never encouraged local development but have rather played the natives for all they were worth. On the other hand, modern Russia has fostered native cultures and has granted political autonomy to Tadjikistan and Karakirghizia. It has dazzled the imagination of the youth in these areas with the vision of independence. The Russians have built railways, primarily the Turk-Sib, which exchanges the cotton of Central Asia for the wheat of Siberia. In a thousand ways they have brought the Western world closer to these Moslem nomads. The Soviet program of industrialization has substituted even in these remote regions the whistle of the factory for the call of the shepherd. As the Russians advance towards and beyond the political frontiers of the Chinese Republic, they are building highways and pioneering airways which enable their commercial agents to popularize the trade-mark "Made in the USSR." Throughout Sinkiang, prices of Russian goods are so low that there is no real Japanese or Indian competition.

Russian political emissaries dictate to the governments in power. They make or unmake local satraps according to their own pleasure. Here again Russia's *de facto* penetration has

nullified China's pretenses to political sovereignty. China has no means of implementing its claims. It might eventually be willing to cede completely the entire region to nominal Russian control in exchange for greater and more immediate help against Japan. The control of Chinese Turkestan would be by no means an empty gain. The territory is one third as large as the United States. Although it is primarily wasteland, nevertheless its oases provide the finest fruits and vegetables in China. And its caravan routes of yesterday might well be converted into the Trans-Asian Railway and motor highway of tomorrow. It would be politically advantageous and commercially profitable to dominate the routes which would subtract three days from the ordinary travel time between Shanghai and Berlin, Paris or London.

These three differences of opinion contain none of the dynamite which is latent in the issues between Russia and Japan. Neither China nor Russia is suspicious of the other, and both have so much to do at home in the way of social readjustment and economic modernization that it is scarcely conceivable that war should result from conflicts of interests between Russia and China in Manchuria, Mongolia or Turkestan.

RELATIONS WITH JAPAN

Relations between Russia and Japan are fraught with danger, representing as they do the impact between the immovable object and the irresistible force. The Russians have little use for Japan since Japan emerged as a contestant for the fruits of imperialism in Eastern Asia. The two Powers fought to a standstill in 1904 and 1905 and then patched up their differences with treaties of alliance which they respected until the time of the Russian revolution. They divided Manchuria and Mongolia into spheres of interest and agreed to cooperate to protect their mutual interests against any possible attack from outside Powers. Both Russia and Japan were complete

partisans of the Four-Power Entente which opposed the Central Powers in 1914.

During the course of the World War, the Japanese took advantage of their agreements with the Allies to send 70,000 troops into Siberia and to occupy Russian territory as far west as Lake Baikal. The Russians were unable to offer any effective resistance, and were forced to await the gradual recovery of their own strength before initiating diplomatic negotiations with Japan. Japan's penetration into Siberia involved military, economic, and financial problems which suggested that the little imperial Power was pushing its arm deeper and deeper into a bucket of glue. Japan inevitably recoiled before the magnitude of its embarrassments and agreed to come to terms with the Soviets. Preliminary conferences at Dairen and Changchun were still-born. Although Japan was the humiliated Power, it presented demands which were thinly-veiled evidences of its ultimate desires in Siberia. It demanded foreign control of Vladivostok, the destruction of Russian fortifications in that vicinity, the retirement of the Russian fleet from East Asiatic waters, the surrender of Sakhalin and the granting to Japan of full rights of agriculture, trade, travel, navigation and industry in all Siberia. Japan further suggested the utility of Japanese military missions in Russian territory.

In 1925 a new conference at Tokyo, between the Mayor of that city and the Russian emissary who had just concluded agreements with China, resulted in the treaty, later signed at Peking, which forms the legal basis of Russo-Japanese relations. This treaty provided that the Japanese should extend *de jure* recognition to the government of the Soviets and express regrets for the incident at Nikolaievsk in Siberia where Japanese soldiers killed many Russian civilians. The treaty stipulated further that the Portsmouth treaty should be reaffirmed but that all other previous engagements between Russia and Japan, including the fisheries convention and the

convention for navigation and commerce, should be reexamined and redrafted. This important document of 1925 also obliged the Japanese soldiers to withdraw from Northern Sakhalin upon the Russian agreement to compensate the Japanese by concessions for the development of coal and oil resources there. Article V of the treaty, dealing with propaganda, is worth quoting in full because it shows the legal terminology resorted to to restrain both the Russian Government and the Communist Party from propaganda activities.

> The High Contracting Parties solemnly affirm their desire and intention to live in peace and amity with one another, scrupulously to respect the undoubted right of a state to order its own life within its own jurisdiction in its own way, to refrain and restrain all persons in any governmental service for them and all organizations in receipt of any financial assistance from them from any act overt or covert liable in any way whatever to endanger the order and security in any part of the territories of Japan or the Union of Soviet Socialist Republics.

After 1925 the two countries drifted into a relationship of distrust and suspicion which lasted until 1932. From then until the negotiation of the German-Russian pact, they became avowed enemies, engaged continuously in undeclared war which was just as deadly but less spectacular than open hostilities. Since 1939, their relations have been in process of readjustment. From 1932 until 1939 there were few contacts between Russian and Japanese individuals. Neither understood the other very well, and each assumed a smug superiority over the other which multiplied the possibilities of conflict and magnified the intensity of incidents when they occurred.

Russia blamed Japan for Russia's loss of prestige in Korea, in Manchuria, in Inner Mongolia and in North China. It suspected Japan of further aggressive designs in Outer Mongolia and Siberia. Russia contended that Japan was guilty of espionage and sabotage, and that the Anti-Comintern Pact

was a mere camouflage for the real purpose of the Fascist aggressors to tighten the pincers on the Soviet Socialist fatherland. Russia always distinguished the Japanese militarists from the downtrodden masses and declared its intention to continue its nationalistic anti-Japanese policy only so long as the fighting forces should remain in the Japanese governmental saddle.

It was rather amusing to hear the Russian dictator vilifying the Japanese dictator, but each totalitarian regime shouted that it was the mortal enemy of the other. Japan saw in Vladivostok a dagger pointing at the heart of Japan, and dreaded the possibility of air raids from the eastern terminus of the Trans-Siberian Railway against the flimsy wood and paper homes on the Japanese mainland. Japan saw in communism a menace to its feudalism; in Russian militarism, a challenge to its own military traditions; and in Russian nationalism, an enemy mighty enough to confine Japan to the narrow, stifling boundaries of its own little islands. Japan declared that the passive collective security program of Soviet Russia was only a temporary expedient, and that when the time should become opportune Russia would again unleash the wolves of communism upon the treasured lambs of the capitalist system.

In this electric atmosphere any spark threatened to become a general conflagration, and there were perennial arguments which generated a continuous shower of sparks. First, the border incidents. Every day after September 18, 1931, an incident of some kind enlivened the diplomatic correspondence between Moscow and Tokyo. As one Japanese commander commented, if a day passed without an incident, then there would be genuine cause for worry.

The Siberian-Manchoukuo border compares in length with the border between the United States and Canada. At the western end, Manchuria, Siberia and Outer Mongolia merge without the slightest trace of a natural division; in the midsection, the ranges of hills are indistinctly marked on current maps and the meandering Amur River constantly shifts its

course and its channel; and at the eastern extremity of the border, Siberia, Manchuria and Korea fade indiscriminately into the sea. Disputes arise when the border patrols of the one country penetrate into the alleged territory of the other. The men on the spot are often hot-headed and delight in exchanges of shots with the frontier guards. In official explanations, Russians always insist that the Japanese fired first and the Japanese reply that the Russians committed the original sin. But every time a shot strikes home—kills, wounds or offends an enemy—there is another incident and another excuse for international war. Since three-quarters of a million men are taking pot-shots at one another across the border, it is evident why incidents are always available as pretexts for war. If either Japan or Russia ever determines that it really wants to fight, there is always a border incident for a convenient occasion.

Two of these border incidents created headlines. On June 30, 1937, the Japanese sank two Russian gunboats in the Amur River and occupied two islands which the Russians had claimed for themselves. The Japanese version of the story said that the Russian gunboats fired on a Japanese border patrol while it was in swimming. Whereupon the border patrol arose in its naked might, returned the fire, sank the ships and occupied the islands. Extras in Tokyo announced the imminence of the war with Russia and prepared the Japanese people for the long-advertised test of strength. When the Russians took their defeat without an emphatic protest, the Japanese discounted the likelihood of Russian interference with the contemplated Japanese program in China. Within a week after the Amur incident, hostilities broke out at Lukouchiao. This border incident stood out above the three hundred sixty-four others which occurred that year, only because the Tokyo Ministry of War chose to magnify its significance and make of it a trial balloon with which to test the Russian temper.

Another outstanding border incident occurred during the

months of July and August 1938. The Russians apparently attempted to fortify a hill at Changkufeng (in the region where Siberia, Manchuria and Korea meet), and encountered the resistance of Japanese troops. Tokyo took advantage of the incident to warn the world that war was just around the corner. Moscow indicated its willingness to discuss the incident, but calmly and firmly notified Japan that if it wanted war, the Russians were ready. Thereupon, the Japanese soft-pedalled their bellicosity, entered into a truce and agreed to accept the Russian maps delimiting the disputed area. They also accepted the Russian proposal for a bilateral border commission.

The actual boundary posts, planted in accordance with the Treaty of Hunchun in 1886, had long since rotted away. New boundaries had to be staked out to replace the old ones. The Japanese, as masters of Manchoukuo, had insisted that Manchoukuo-Siberia boundaries should be fixed by a commission of two Russians, two Japanese and two Manchoukuoans. The Russians held out for three Russians and three Japanese, and they finally gained their point. Thus, no matter how the incident was precipitated or intended, it resulted in an apparent Russian victory and convinced Japan that Russia could not be bullied so ignominiously as it had been more than a year before. But as time dragged on, the border commission did not come into being and no permanent steps were taken to obviate the possibility of similar occurrences.

A second Russo-Japanese bone of contention lay buried in the Mongol-populated, Manchoukuo-controlled, nominally autonomous province of Hsingan, where Manchoukuo dissolves into the shapeless wastes of Outer Mongolia. Japan would like to penetrate more deeply into this area, because it offers a strategic base for an advance to the north against Irkutsk and the Trans-Siberian Railway. It would be an attractive spot for Japanese headquarters for anti-Russian propaganda among the Mongols, and for a determined Japanese

effort to intercept the supplies which are passing from Russia to China. Japan also wants the rights to establish consulates in Outer Mongolia, to build its own telegraph lines into the interior, and to send its nationals indiscriminately into the forbidden territories as merchants and observers.

But the Mongols, always backed by the Russians, refused to let the soldiers of Manchoukuo, always backed by the Japanese, beyond the ill-marked border. From time to time the Mongols uncovered evidence of undercover Japanese infiltration. On June 23, 1935, the Mongols arrested a group of Japanese military officers who had entered Mongolia as surveyors and real-estate developers. Continuously through the early months of 1936, the Mongolian protégés of the Russians engaged the Manchoukuoan minions of the Japanese in quasi-war, involving tanks, field artillery, armored cars and airplanes.

Throughout the summer of 1939, Outer Mongolian frontier posts east of the river, Khalkingal and southeast of Lake Buir, were subject to repeated attacks from the Japanese. What actually happened is largely a matter of conjecture. News accounts were biased, depending upon the sources, and neither Russian nor Japanese dispatches had any except perhaps an accidental relation with the truth. As an illustration, on one day a correspondent for *Asahi* annihilated 4000 Mongols and the next day he described their terrific cannonade and attack behind a solid wall of tanks. Over two years of skirmishing in this region alone, the Japanese claimed the destruction of 868 Russian planes while admitting the loss of just 16 of their own. Russian authorities, on the other hand, claimed over the same period the destruction of 192 Japanese planes while admitting the loss of 12 of their own. If it is any index to the relative merits of these claims, a neutral military observer who happened to witness an actual airplane dogfight, said that he saw a battle of nine planes versus nine. Three planes plummeted to the ground, one of which was surely

Japanese and the other two were indistinguishable. The official Japanese release on the episode maintained that sixteen Japanese planes attacked sixty of the enemy and brought them all down, without a single casualty to themselves. Land only knows how the Russians described this particular battle, but no news story describing military actions emanating from the official Tass Russian agency or the official Domei Japanese agency is worth much credence. On the human interest side of the Mongolian border episodes, Tass says "the Japanese infantry fight not badly but they go into action drunk. The Japanese aviators are good observers and photographers but they are lousy fighters." The Japanese refrained from unchivalrous comments about their enemies, but they accused the Russians of dropping bacteria-infested bombs.

This undeclared war tended to exhaust Russian patience. Foreign Minister Molotov declared on May 31, 1939:

> Japanese threats against Outer Mongolia are amusing and nonsensical, but there is a limit to all this nonsense. It is time for Japan to cease its provocations because owing to our pact with Outer Mongolia we will defend its borders like our own . . . In the struggle against aggression, our place must be in the first row.

The *Japan Times* cryptically inquired if Mr. Molotov meant "row" or "row" rhyming with "bow" or "bow," and seemed not the least bit perturbed because of Russian exasperation. Japanese actions seemed deliberate, and not the slightest averse to bringing down the Russian hornets' nest about its ears.

Sakhalin, or Karafuto, was the third focus of Russo-Japanese friction. This chilly island, at the extreme north of the Japanese chain, was before 1904 a Russian "land of forced labor, of nightmares and death. The island was ruled by prison authorities, and justice was served with a stick or a whip.

And it was a four thousand mile walk to the nearest court of appeal."

In 1905, Japan obtained title to the southern half of the island as a share of the spoils of the Russo-Japanese War. When oil-prospectors explored the island, they discovered no oil on the Japanese half, but workable deposits on the Russian half. The Russians had so much oil in their Black Sea reserves that it would have been foolish for Russia to work the Sakhalin field. Then, in 1920 Japan occupied the northern half in retaliation for the massacre of some Japanese invaders by the Siberian population of Nikolaievsk. After the abrogation of the British alliance and the passage of the American Exclusion Act, Japan agreed to evacuate the occupied territory in exchange for the right to exploit oil and coal concessions for a period of years. Meanwhile, energetic Russian youths trekked into Sakhalin, erected livable homes, developed fisheries and canneries, improved highways, built public buildings and undertook the breeding of bear, seal, and silver fox for furs. They forced out the Japanese residents and workers by obtaining official connivance at discriminations against the Japanese concessionaires.

In July 1939, a Russian court at Alexandrovsk assessed a fine of one-third of a million rubles against a Japanese industrialist adjudged guilty of social malpractices. He refused to pay the fine, appealed to his diplomatic representative to take up his defense, and caused the Japanese navy to send a squadron of destroyers in northern waters to demonstrate on his behalf. The Japanese who remained in North Sakhalin were hindered in their profit-seeking by interference with their laboring personnel and by refusal to grant permits for importation of supplies for the construction of their pipe lines. Their lot became increasingly difficult after the outbreak of the China war. The financial and transportation problems of these unfortunate Japanese at the very outskirts of the Empire

multiplied. What is worse, the Russian inhabitants demonstrated an increasing determination and ability to utilize their own economic resources.

The greatest of these resources, the rich fishing banks off the Siberian coast, constituted the fourth issue between Russia and Japan. The Siberian fishing industry provides food and livelihood for thousands of Russians and Japanese alike and in addition supplies the raw materials for five percent of all Japan's exports. Both nations would pay handsomely to monopolize the catch of herring, trout, cod, lobster, crab, shrimp and oysters.

The respective rights of Russian and Japanese fishermen have been fixed according to a convention signed in 1928, and renewed annually since its original expiration in 1936. This convention conceded to the Japanese the right to fish anywhere off the Siberian coast except in thirty-seven enumerated bays and inlets. It permitted the Japanese to establish canneries on the Siberian coast and to export marine products from these canneries without a license and without payment of an export duty. It "stabilized" or reserved fishing lots in the immediate vicinity of these canneries for exclusive use of the Japanese. Finally, it guaranteed to the Japanese the "free use of the littoral of the fishing lots for purposes of the industry." The Japanese were permitted to put ashore, only where their own lots touched the coast, in order to dry the fish, repair their sails, fix their nets, replenish their supplies, or do any other chore within the definition of "purposes of the industry."

Bitter disputes arose in pursuance of this clause. The Russians declared that military landing parties disguised as fishermen came ashore where they had no business to be, and that hundreds of Japanese spies filtered into the hinterland in abuse of their treaty-privileges. The Japanese countered that the Russians fired on innocent Japanese fishermen accused of being spies and that the Russians caused appreciable losses to

the Japanese by refusing to let them land in time of distress or serious need. These men of the sea of both nations are rugged individuals; all too frequently they fought it out in hand-to-hand battles or shot it out with rifles and guns. And only occasionally did their escapades ever reach the news columns in Europe or America.

The fishing "lots," other than the "stabilized lots," are specified sea-areas which are auctioned off every year at Vladivostok to Russian and Japanese bidders without discrimination as to nationality. The Russians bid in rubles, the Japanese in yen, and the auctioneer awards the lots to the highest bidder according to an arbitrary exchange rate. Before 1928, the Japanese enjoyed a practical monopoly of the leasing of lots because of a favorably fixed exchange rate. In that year, the Soviet government raised the value of the ruble, so that the Russians got more lots without increasing their bids. The government also decided to subsidize private Russian fishermen who were unable to hold their own in competition against the highly integrated Nichiru combine which coordinated the activities of the Japanese. As a result, the Russian share of the catch increased steadily from ten percent in 1928 to sixty per cent in 1935. The Japanese resented the relative loss, and expressed their resentment in the seizure of Russian vessels, in frequent shooting of alleged poachers, in fishing beyond legal limits, and in agitating for the conclusion of a new and more favorable fisheries convention.

Therefore when it was time to negotiate a new convention in 1936, the Japanese insisted upon the limitation of the Soviet output, and the complete abolition of the auction method of obtaining leases, and less government interference in the affairs of private fishermen. On the other hand, the Soviets were enjoying the competition and looked forward to a still larger proportion of the catch under the rules in force. They took advantage of the announcement of the Anti-Comintern Pact as an excuse upon which to base a refusal to enter into

anything more than a temporary adjustment of the fisheries question. At the end of each year since that time, the Japanese have argued for a new basic treaty, and the Russians have assented only to a temporary renewal of the old one. There have always been acrimonious interchanges of threats and warnings, but year after year, the difficulties have been surmounted when the fish began to run.

In the renewal agreed upon in 1939 and 1940, the Japanese were deprived of more lots and were obliged to pay an increase of ten percent over the customary Japanese rental of 3,000,000 yen. In the annual renewal of January 21, 1941, the Japanese were assessed an additional twenty percent. The auction system has been continued over the Japanese protest, and the usual regulations have been renewed concerning the ruble exchange, the fixation of quantities to be caught, the management of lots jointly worked by Russians and Japanese, and the protection and conservation of the fishing resources. To be sure, these technical details are controversial, but they would necessitate a minimum amount of diplomatic give and take, if they were not intertwined with national questions of honor and prestige.

In addition to these four perennial Russo-Japanese issues, there were constant pin-pricks which kept national tempers at fever heat. The Japanese feared the military menace of nearby Russian territories, and they intrigued with White Russians in Manchoukuo. Russian radio stations at Khabarovsk and Vladivostok poured communist propaganda into Manchoukuo receiving sets, and powerful stations in Dairen, Hsinking and Mukden did their best to block out its poisonous effects. Russian military supplies sneaked into the armories of Manchurian bandits and modern implements of war streamed across Mongolia into belligerent China. Manchoukuo refused to pay an installment on the Chinese Eastern Railway on the ground that Russia had failed to discharge accumulated obligations "representing charges for the removal

of consulates and for coal, salaries and tax payments." Russia denied the legality of the claims of Manchoukuo and called upon Japan to make good Manchoukuo's default. In its note to Japan, Russia offered to release eight Japanese prisoners, release Japanese fishing boats in custody, grant further concessions in Sakhalin, resume parcel post traffic between Manchoukuo and Siberia, and permit a Japanese consulate in Sakhalin. Russia demanded that in return Japan should return a detained Soviet mail plane, release the Soviet river boats which Japan had captured, liberate four Soviet citizens held in protective custody, pay the installment then due on the CER, and pay damages for non-fulfillment of a contract to build three steamships for Russia.

Japan rejected Russia's proposals in toto, demanded a new basic treaty for the fisheries, charged the Soviets with general insincerity, protested against the shipments of supplies into China, and called attention to the endless incidents (precipitated by Russia, of course) along the border. When this diplomatic impasse was released to the press, every reader in Japan and Soviet Russia found all the more reason to pour out his venom against "those treacherous devils on the other side of the border."

Since there is all this smoke of mutual recrimination, why was there not the actual fire of war? Neither side actually wanted war. Russia could afford to wait because its comparative strength was increasing while Japan was exhausting itself in "chasing Chinamen all over Asia."

In the near future, those half-completed Siberian economic projects will have become productive and will have made it infinitely easier to withstand any attack from Japan. No matter how much Stalin wanted to divert the Russian mind from his purges, he did not relish the possibility that a successful war might create an independent Siberia and a whole pantheon of Siberian heroes who would dull the lustre of Stalin himself. Moreover, Russia was deeply involved in the Euro-

pean situation and did not welcome simultaneous action from Germany in the West and Japan in the East. And if Russia should have relieved the pressure on the imperialist position in the Yangtze Valley at a tremendous cost of its own blood and treasure, it would have rescued China from one executioner only to have it subjected to a more subtle, less painful, but equally fatal, loss of independent action at the hands of Western Powers. Russia had no fundamental military or economic objectives to be gained at the expense of Japan, so the Soviet side had no desires beyond an occasional bluff which served to embarrass the Japanese or to relieve immediate Japanese pressure upon a military objective in China.

Japan was not particularly interested in a war against Russia. In General Araki's sword-rattling heyday in 1932, Japan might have mastered Russian opposition in short order. At that time, the Russians in Siberia were weak, disorganized and without effective support from Moscow. But between 1937 and 1939 Japan was in the weaker position because of its implication in the unexpected Chinese mess. Japan's own home defense was inadequate against air attack from Vladivostok, Japan's rear in Manchoukuo was wholly unreliable in the event of war, and the communications routes from Japanese-controlled territory to the Siberian border were incomplete. Many of Japan's best soldiers had been sacrificed in Central China, the navy was occupied with the blockade of the China coast and its plans in Malaysia, and the merchant marine was overly-busy in moving men and equipment to and from China. Meanwhile the Japanese were losing in their commercial competition against other Powers in the markets of the world. Every day of indecision in the China campaign made it more difficult for Japanese business men to recoup military losses by future profitable investments in China.

Conversely, there were reasonable considerations why the Japanese might have balanced the hope of victory over Russia and China against the possibility of long-run failure against

China alone. Every day that Japan waited, diminished its chances of smashing the Soviet machine. Japan was mobilized and was operating on a full war-time basis, and its men were actually in the field against the Russians. Hostilities would have saved the expense and confusion of demobilization and remobilization. The Japanese were not afraid of the Russians. They were confident that they could whip the sluggish Slavs hands down. Officers at the border were straining at the leash to show their relatives back home that they could fight and die as gloriously as their more fortunate comrades assigned to actual combat in Central China. These officers were not above starting something on their own, in spite of contrariwise orders from Tokyo or Hsinking. In addition, they had been inspired by the wild tales of General Liushkov and lesser Russian military lights who deserted Russia and escaped to Japan. These traitors reported that the Russians were disorganized, demoralized, jealous, ill-disciplined, and hoping for a war against Japan as an excuse to turn against their own command.

These conditions changed in 1939, and the Japanese were obliged to reestimate their position in accordance with European developments. By the understanding with Germany, Russia has been released from its fear of Hitler's attack and can concentrate against Japan. Therefore, Japan must go easy. Japan knows that Great Britain and the United States do not want Russia too strong. Japan has the possibility of making its peace with the Powers in Central China, and courting their favor in an attack against the Russo-German combination. Japan can recapture much of its dissipated world sympathy if it reassumes the role of the champion of the capitalist nations against the Communists.

Japan's other alternative is to continue its attacks against the democracies in China and the South Seas, and make its peace with Russia and Germany. Immediate indications point to this alternative. The Japanese Government is totalitarian,

more sympathetic than ever to the vigorous states, and is gambling heavily on German-Russian victory in Europe. Japan has rushed to a new border conference modelled on the Russian lines, has soft-pedalled its Sakhalin and fisheries differences, and has agreed to negotiations for a commercial and political pact. On September 28, 1940, General Tatekawa departed from Tokyo as the Japanese Ambassador to Russia. He told the assembled newsmen that he considered "the British a crafty lot, always with something up their sleeves. I can get along with Russians better. I have no use for Communists but I like Russians. They are pure-minded and simple."

These have been bitter pills for Japan to swallow, but Russia has been a very considerate doctor in administering the medicine. Russia has not insisted upon ungracious speed and has permitted ample time for the Japanese politicians to explain their change of policies to their own internal political opponents.

Russia is quite indifferent to Japan's choice of alternatives. Russia knows that a war or threat of war against either the democracies or the Russo-German combination would pep up Japanese spirit at home and would give the Japanese an excuse to mediate the China affair without loss of face. A Japanese war against Russia would make of Russia a full-fledged partner of Germany. It would give Britain and the United States an opportunity to appease Japan, to reconcile Japan and China, and to break the solidarity of the former German-Italo-Japanese axis. On the other hand, a Japanese decision to cooperate with Russia would consolidate the peculiar Russia-Italy-Japan-Germany union, with the possible cooperation of China. This would make things turn blacker for the British Empire, would place the United States in an embarrassing position, and would force an eventual Pacific conclave to revise the outworn and one-sided decisions of the Washington Conference. It might even precipitate extension

of the war, where all reason would disappear in a senseless, bloody struggle for mastery of Eastern Asia.

Russo-Japanese issues have contained the political fodder on which modern warfare dines de luxe. Russia has space which Japan craves; Russia has wealth which Japan covets; Russia has security which Japan demands. Japan would like to secure its existence and prosperity, which depend upon the forceful elimination of the Russian military, economic and spiritual challenge to Japanese hegemony. Russia insists that it asks for nothing more than it already possesses. It has offered Japan a non-aggression pact as an indication of its desire to live unmolested on its own side of the fence. But Japan can not accede to the offer, unless it discovers compensations in the South Seas, because expansion has been elevated to a national credo and militarism has been accepted as the Japanese Way of Life. Japanese pride and prestige would be offended if they accepted as a gift what they demand as a prize of war. Japan's dilemma is whether to strike out against Russia or against the similarly wealthy Powers and their possessions and interests in China and the Indies. Russia waits, prepares for any Japanese choice, and permits England, Germany, and the United States, Japan and China to keep up a continuous guessing game as to its own preferences and manoeuvres.

RELATIONS WITH THIRD POWERS IN EASTERN ASIA

Russia can not plan its diplomatic game in Asia on the assumption that Japan and China are the only other players. France retains its precarious stake in Indo-China; the Union Jack waves over Singapore, Hongkong, and a billion dollars' worth of investments in the Yangtze Valley; the United States has a sentimental and material attachment for the Open Door; and German drummers have Nazi backing in their persistent efforts to capture the markets of China and Japan.

Russian attitude with regard to third Powers depends upon factors which are crystal clear, but constantly shifting. Russia

was the sworn enemy of Germany, Italy and Japan. As long as Hitler raved about the Jewish Bolsheviks and professed his attachment to the Ukraine; as long as he praised Mussolini for his tirades against the Godless atheists; and as long as he extolled Japan as the champion of law and order in the East against the onrush of Communism—just as long as that did Stalin maintain his stand in the Orient diametrically opposed to anti-Comintern objectives. But he continually reminded the world that Russia stood for the right of any nation to behave internally as it pleased, and he avoided a simultaneous showdown against his German enemy in Europe and against his Japanese enemy in Asia. He kept the way open for new and conflicting commitments, and skillfully avoided pitfalls which would have caught him in the giant German-Japanese pincers.

No nation can afford to limit itself to a single system of diplomatic strategy. A long-time view of Russian policy indicates that Stalin has had alternatives which have lessened his dependence upon any Power or group of Powers in Eastern Asia. Stalin's Russia is as nationalistic as Tsarist Russia. Stalin will use any weapon to achieve the superior advantage of his socialist fatherland. Before 1927, he emphasized the common objectives of social revolution between the Russian and the Chinese proletariat. He played up the slogan to bolster class-consciousness, and he worked through the Chinese intelligentsia to stir up a feeling of "anti-imperialism." His propaganda-mongers plastered every telephone pole with the slogan "Abolish the unequal treaties," and his agents-provocateurs were able to turn many Chinese meetings into mobs howling "Down with foreign imperialism." His cohorts aroused the tenant farmers against the absentee landlords, the city proletariat against the native and foreign mill-owners, the private soldiers against the rapacious warlords, and the students against any conceivable shackle on Chinese sovereignty.

After the riotous culmination of Communist policy in the

Nanking incident in 1927, Russia surrendered the initiative in China policy to the Western Powers. The Powers offered to surrender many of their privileges and encouraged their Kuomintang stooge to concentrate on the eradication of Russian influence from the Party ranks. The British police in the International Settlement converted themselves into a gigantic Red squad. The Powers condoned the raid on the Russian Embassy and Consulates in North China and supplied on liberal credit the munitions with which Chiang Kai-shek pursued his vigorous anti-Communist campaigns. The Japanese were hand-in-glove with the Powers in anti-Communism until they decided to go it alone, and seek Japanese national advantages, not as against Russia, but as against China. The Powers gave their blessing to Japanese action as long as Japan remained in Manchuria, because they saw Japan further strengthening itself for an eventual showdown against the Soviet Union. They felt that it was too bad that China had to suffer, but China's suffering was considered as for the good of the cause. Then when Japan turned to Shanghai in 1932 and served notice on the world that it was playing entirely for itself, without regard for British, American, and French primacy south of the Yellow River divide, it was Russia's turn to laugh. Russia resumed diplomatic relations with China and entered into the third phase of the execution of its policy in Eastern Asia.

From 1932 to 1939 Russia's basic objective was opposition to its national menace—Japan. In pursuit of that policy it cooperated with Chiang Kai-shek, for whom Russia wasted no personal love. Russia remembered Chiang's kowtow to the British and the Americans, so it hesitated to throw in its lot unreservedly with the Chinese leader. However, a temporary United Front was expedient against Japan, so Russia gave its blessing to the Kuomintang-Communist *mariage de convenance* and sent a limited amount of equipment to the Chinese front.

But such aid as Russia offered was only as a chastisement of Japan, and not as a compliment to Chiang Kai-shek.

Russia cooperated with Great Britain, France and the United States with its tongue in its cheek. In 1938 Russia sent thirty percent of its exports to Great Britain, and bought there sixteen percent of its imports. Russia still thought of England as the imperialist *par excellence* which "grinds in the dust" Hindus, Arabs, blacks in Africa, workers at home, or any one else who furnishes grist for the imperialist mill. Russia was suspicious of the precious appeasement policy of the big-business and the "City" interests which would come to terms, if they only could, with the Fascist Triplice. Russia believed that England would rejoice in a Hitler versus Stalin war, or would as second choice like to keep Russia from an understanding with Germany. Russia did not talk about these things, but neither did it erase these entries from the ledgers of unfinished business.

Russia also remembered previous anti-Russian manoeuvres in the foreign relations of France. France had relied upon friendship with Japan to secure its position in Southeastern Asia. It had supported the Japanese side of the arguments in naval limitation, it had opposed stringent League action as a consequence of the Lytton Report, and it had indicated its willingness to provide capital for the development of Manchoukuo. From the appeasement angle, France had deserted Czechoslovakia in its hour of need, had recognized Mussolini's conquest of Ethiopia, and had dared on December 6, 1938, to subscribe to a Franco-German declaration "to remain in contact on all questions and to consult together mutually." Russia recalled that powerful rightists in France screamed through the medium of their newspapers in pre-Anschluss days "Il faut rompre l'alliance russe" and imagined with ease a possible French move against the Soviet.

Russia knew too that in the United States there was little sympathy for its program anywhere from New York to

Los Angeles. Russia could not forget its omission from the Conference of the Powers at Washington in 1922, and its long fruitless struggle for American recognition. Russia was aware that the American delegate went out of his way to avoid meeting the Russian envoy at the signing of the Kellogg Pact and that the Russian signature was affixed after the formal ceremonies attending the signatures of the fifteen original signatory Powers. How could Russia forget American presumption in tendering advice in 1929 to a Government which it did not even deign to recognize? Russia paid a high price in dignity and prestige in continuing its trade relations with the United States and it chafed at the American tendency to blame all its labor troubles and political leftism on subtle, and probably exaggerated, Russian propaganda. The Americans talked more of anti-Fascism than of anti-Communism, but the relative degree of antipathy which each attracted was a mere matter of momentary expediency.

Russia eventually reached the place where it had little more to expect from the democracies. It saw no reason why it should pull capitalists' chestnuts out of the fire in Eastern Asia any more than in Europe. Russia retired from active diplomatic leadership and assumed the feminine role of being pursued. Russia knew that its former collaborators would welcome a Russo-German or a Russo-Japanese war, but it had no intention of harming itself for the benefit of England, the United States and France in China. Therefore Russia abandoned its old techniques and accepted truce agreements with its former enemies.

With regard to the future, Russia has a basis for peaceful cooperation with Germany in the exchange of German industrial, mechanical and scientific genius for Russian petroleum, grain and cattle. If the Russian army remains friendly to Germany, Germany can concentrate its strength on the West or can expand through the Balkans and Asia Minor. Russia will be able to complete its internal program and will have the

foreign help which it admittedly needs. Germany wants Russia to cooperate with Japan and China, or at least to offer no obstacles to the conclusion of peace between the warring nations. Germany and Russia both recall the profits of pre-Hitler common action and they seem willing to re-create the bases of its existence.

Russia has nothing to gain from suffering France, and it can demand a stiff price from the British for any detachment from the German orbit. Russia blames the British for the continuation of the war, but secretly Stalin can not be too displeased with the division and slaughter among the capitalist Powers. The aftermath of a long war will hasten the day when Russia can reassume the revolutionary leadership of impoverished masses everywhere.

The possibility of an immediate rapprochement between the U.S.S.R. and the U.S.A. in the Pacific area is not entirely hopeless. Both nations prefer orderly processes in international affairs and both support the cause of China. Neither intends to recognize the fruits of Japanese aggression and neither anticipates surrender to the advances of Japan. Both are neutral in the European war, but their sympathies are on different sides of the fence. Both must consider the comparative advantage of harmonizing their differences in common opposition to Japan, or of out-bidding each other for the favor of Japan. Sheer opportunism prompted American reopening of the Consulate at Vladivostok and the removal of Russia from the restrictions of the moral embargo. The United States has every desire to prevent the reestablishment of harmony between Russia and Japan.

Will the new Pacific line-up be the United States and the Soviet Union versus Japan; the United States and Japan versus the Soviet Union; or the Soviet Union and Japan versus the United States? It is too much to hope for the substitution of a conference for the balance of power, or of reason and harmony for competition and war.

CHAPTER TWELVE

The United States

THE POLICY OF THE UNITED STATES in Eastern Asia rests primarily upon extensive material interests in that particular area, but at the same time it reflects the broad general principles which determine the attitudes and objectives of American relations with every country on the globe.

TERRITORIAL AND STRATEGIC INTERESTS

The strategic interests of the United States in the Western Pacific center about the ownership of the Philippine Islands. The accidental annexation of the Philippines resulted from the initiative of the three political musketeers—Theodore Roosevelt, Admiral Mahan, and Senator Lodge. The fire of their convictions spread to the American press, and persuaded hesitant American business men of the possible profits of distant imperialism. The missionary challenge of converting Filipino "heathens" soothed a large section of public opinion which might otherwise have rebelled against the flagrant departure from traditional isolation. President McKinley allayed his own conscience, which troubled him for leading the nation into "a politique of sentiment not built on the solid grounds of national interest," with the comforting assurance that "Christ also died for our little brown brothers."

The government of the United States endeavored from the

moment of annexation to fulfill its self-appointed mission of preparing the Filipinos for independent existence by supervising the expenditure of huge sums for education and for improvement of the material environment of the backward peoples. The Americans brought to the Islands a regime of peace and order, and went through the accepted processes of establishing the bases of democracy. They proceeded on the principle that the Islands should be granted freedom and independence whenever the Filipinos should be adjudged ready to discharge the responsibilities of citizenship and statehood. The Americans reserved to themselves the sole right of judgeship and made very quickly a political football out of the determination of the date for freedom. The Democratic Party vaguely espoused the cause of *early* independence. The Republicans insisted upon rigorous fulfillment of Utopian requirements precedent to cutting the ties between the Islands and the United States. The Americans treated the question of the Philippines as domestic for foreign purposes; and as foreign for domestic purposes. Neither political party paid serious attention to the demands of Roxas, Quezon, Osmeña or other leaders for complete and immediate independence, nor thought very much about how the Filipinos reacted to their condition of being used as pawns in the game of Power Politics. The Americans felt that the natives had cause for nothing but gratitude for economic prosperity.

Thus dismissing the sentiments of the people of the Islands, the Americans took advantage of the geographic situation of the Philippines—close to the British in Hongkong and Singapore, the Japanese in their mandated islands, the French in Indo-China and the weak colonial Powers in their lucrative possessions in the Indies—by developing naval bases and military fortifications in a manner calculated to strengthen their own position in Eastern Asia. The Americans engineered their trade and investments in the Islands to bring the quickest, greatest returns to themselves, without appreciable regard

for the unwholesome long-run implications to the Filipinos of making so many of them dependent upon the single crop of sugar and its protected American market.

The relationship between the United States and the Philippines in 1941 is established by the Tydings-McDuffie, or Philippines Independence, Act of March 24, 1934. This provides for the continuation of the Commonwealth until July 4, 1946, and until that time the United States retains sovereignty in Philippines' public loans, tariff, foreign relations, military and judicial affairs. Because of the deterioration in political stability in Eastern Asia, American and Filipino leaders have been considering seriously the wisdom of complete independence for the Islands. Many, including President Quezon and former High Commissioner Paul V. McNutt, have advocated realistic reexamination of the problem of proposed independence, and have suggested neutralization, permanent dominion status, or even the continuation of the quasi-colonial relationship until "ten years after peace will have been reestablished in the world." In 1937, President Roosevelt appointed a Joint Preparatory Commission on Philippine Affairs, whose duty it should be to recommend measures designed to ease the political and economic shocks of the transition period.

The continuance of American control of the Philippines is a serious ethical, economic and strategic question. From the standpoint of self-determination, there is little justification for Americans insisting upon the direction of the cultural and political development of the Filipinos, if the Filipinos do not want the Americans there. According to principles which the Americans preach, the Islands belong to their own inhabitants. Foreigners have no jurisdictional rights except in pursuance of Filipino wishes. And if the loudest, and perhaps the most intelligent, of Filipino leaders agitate for immediate evacuation by the United States, they base their arguments on oft-repeated American concepts of international ethics. On the contrary, many Americans profess a

sense of moral responsibility for the cultural development, defence, and economic welfare of the Filipinos.

The Philippines are an invaluable economic asset with their natural resources of sugar, rice, tobacco, hemp, coconuts, timber, gold, chromite, iron and manganese. They sell to us these products in exchange for cotton, tobacco, petroleum, machinery, tools and manufactured articles. The United States buys eighty-five percent of everything the Philippines export and sells sixty-five percent of everything the Philippines import. The Philippines rank eighth in the export trade of the United States, purchasing approximately three percent of all American exports, and usually to the amount of ninety million dollars per year. The Philippines are in the unwelcome position of being less important to the United States, than the United States is to them. The agricultural prosperity of the Philippines depends upon sales of sugar, cordage, cigars, scrap tobacco and coconut products to the United States. Duty-free quotas have been established for these commodities, but the future promises reduction in amounts permitted into the United States under the quotas. As the Philippines face the prospect of higher American tariffs, or any other measure tending to destroy the privileged treatment of their goods in the United States, they fear the ruin of their marginal industries like embroideries, cigars or pearl buttons, and the collapse of their agriculture. Ultimate diversification of their crops will afford little immediate relief to the farmers who can no longer sell their products cheaply in the United States.

Many Americans hate to part with the wealth associated with the possession of the Islands. But there are powerful economic interests in the United States which advocate the unrestricted return of these resources to local control. The growers of sugar-cane in Hawaii and Cuba, the producers of sugar-beets in Louisiana, Utah and Colorado, and the owners of refineries up and down the Atlantic Coast want the Amer-

icans to get out of the Philippines so that Philippine sugar will be placed on the list of dutiable goods. The marketers of cottonseed oil and the American owners of sisal plantations in Mexico are among those who protest the favorable tariff treatment accorded by the United States to competing products from the Philippines. The National Dairymen's League advocates Philippine independence, because independence would mean protective tariffs on the cheap vegetable oils which now come in duty-free and enable the margarine interests to knock the spots out of the butter market.

The American Federation of Labor would like the immigration bars raised further against the infiltration of cheap unskilled Filipino labor. California manufacturers and fruit growers have lined up with those in support of the Tydings-McDuffie Act, hoping that "independence" will bring to an end many of the embarrassing and unwholesome social problems which have resulted from extensive immigration.

But Government officials in the War, Navy and State Departments have repeatedly emphasized, without any pretense at unanimity among the experts, the strategic complications which would accompany the proposed liberation of the Philippines. The Philippines standing alone would scarcely be able to maintain a defense force strong enough to ward off potential enemies. For protection, the Philippines look to the United States. The naval bases are invaluable to the United States for the protection of trade lanes in the South Seas, and for possible operations against a hostile fleet in Asiatic waters. In the event of a naval campaign against the United States, these bases in the western Pacific would constitute objectives which would divert a potential enemy from attacking the mainland and would thereby afford precious time to perfect coastal defenses at home. Naval bases were, and are, expensive propositions. In these complicated times it would be foolish to let them pass to natives or to third Powers, without adequate guarantees that they would not be used

for purposes detrimental to American interests. Strategic considerations demand that these bases be kept under the American flag. But what kind of independence would it be, if the Americans gave the Philippines their "independence" and yet retained control of the powerful headquarters for naval defense?

A double challenge jeopardizes the preservation of American strategic interests in the Philippines. The challenge of aggressive Japan puts a question mark after the possibility of successful defense. It is not absolutely certain that it is incumbent upon Americans to thwart Japanese southward expansion, but it may be assumed that Japanese control of the Philippines would be looked upon as detrimental to American security and prosperity. And it may also be assumed that after the Americans withdraw, the Japanese will seek at least greater economic control over the land and resources of the Islands. Through the purchase of native names in which to register property, through the employ of native lawyers and accountants, or through the camouflaged bribery of conscienceless politicians, the great houses of Mitsui and Mitsubishi might easily accomplish an economic strangle-hold which would enable them to dictate the political destiny of the archipelago. This skillful Oriental procedure, which is being effectively rehearsed in China, would be cheaper and more acceptable to the Western world than an outright naval campaign for the conquest of the Islands.

The possibility of a naval armada against the Philippines from Japan at some time in the future can not be dismissed as utterly fantastic. The Japanese could easily create an opportunity for invasion. Perhaps in the following manner. After American withdrawal, the economic ties between the Islands and the United States will be severed. Suppose that, after the liberation, prices for the ordinary necessities of life should increase or that the bottom should drop out of the international sugar market. A widespread economic and social

crisis might develop which would destroy internal order, and threaten the peace and order of neighboring Japan. There are only sixty-five short miles between the southernmost island of Japan and the northern limits of the Philippine archipelago. Sixty-five miles are not enough to nullify a Japanese contention of "self-defence" in organizing and dispatching an expedition to stamp out the flames in a neighbor's house. And if the United States should become involved in war against Japan as a side issue of a war in Europe, Japan might not wait for an excuse but might launch an immediate expedition against the Philippines.

How would Japan be stopped? Assuming of course that Great Britain and the United States would agree that Japan should be stopped. Perhaps the others would rely upon a neutralization pact. They have let it be known that they would sign with the United States and Japan a guarantee of neutralization for the Philippines similar to those governing the sometime neutral status of Belgium and Switzerland. But the sanctity of treaties has become little more than a standing joke, and formal pacts have lost their effectiveness as respectable barriers to imperial ambitions. The Americans would never be satisfied with the assurances of a neutralization pact. If they should continue to feel responsibility for the protection of the Philippines against an enemy invasion after liberation, they would insist upon the retention of adequate naval bases as means to effective action. The responsibility for the protection of the Philippines and the control of the naval bases must remain together, or they must be surrendered together. The guardian must retain the power to protect the ward, or must give up completely his relationship as responsible protector. And in this case, if the guardian decides to remain as guardian, he must be prepared to spend large sums of money for strengthening existing bases and fortifications, and for the construction of fighting ships with cruising radiuses extensive enough to cover the Western Pacific.

The second and even more arresting challenge to the continuance of American territorial title to the Philippines results from a practical comparison of the positive benefits and negative costs of remaining in control of these distant possessions. Basically, it is questionable if the United States should endeavor to protect the Filipinos from themselves, from Japan, or from anyone else, if the natives insist upon the blessings and the risks of complete independence. But beyond this, it is doubtful if the United States should make further expenditure to defend the Philippines, unless convinced that the cost of any effort to thwart the southward expansion of Japan is balanced by a compensating contribution to American security and prosperity. The burden of proof is upon those who insist that the continuing obligations and risks of a strong strategic position in the region of the Philippines are justified either by the value of economic interests involved or by the imminence and seriousness of a military or naval thrust from Japan.

American naval policy costs in the neighborhood of a half-billion dollars per year, even without the extra costs of the defense program. A good share of this cost is devoted to implementing foreign policy in Eastern Asia. The navy has had little trouble in persuading Congress that the frontier of American diplomacy depends upon the striking power of its strong right arm—the fleet. Congress is proud of the fleet, and is willing to authorize the money which is needed to maintain the Navy in an impregnable position in the Pacific. The building program for new American vessels is predicated upon Japanese competition. Technical details are worked out to guarantee superiority over the fighting potential of Japan. All treaty limits as to size of ships and to quality of armament have been abandoned. Naval architects and engineers need consider only actual battle requirements and strategic necessities for designing and constructing men-of-war for operation in the Western Pacific.

Beyond the defense triangle of the Aleutian Islands, the Panama Canal Zone and the Hawaiian Islands, the United States has scattered possessions which have proved useful for naval and commercial purposes. There is a naval base at Guam, and there are landing facilities for Pan-American clippers at Midway and Wake islands. The United States is the only nation which can provide facilities for trans-Pacific air service, without the necessity of landing somewhere under a foreign flag. Kingman's Reef, Fanning Island, Palmyra, Baker, Howland, Jarvis and Samoa provide steppingstones on the route to Australia and New Zealand. Canton and Enderbury islands are under joint British and American occupation pending a final settlement of conflicting claims. The flags of both countries fly side by side, where the self-exiled British and American landing parties gladly share their beer and potatoes. All these islands have negligible commercial possibilities, except as cable stations, emergency naval stations or stopping points on the trans-Pacific airways.

The Americans have hesitated to spend appreciable sums on fortifications beyond Hawaii. Aside from the costs involved, they have seen merit in the Japanese contention that fortifications in the Japanese backyard would be "offensive" rather than "defensive" in nature. It is difficult to insist that a naval base or a fortification five thousand miles away from the mainland is necessary for the defense of anything more than trade lanes or temporary territorial possessions. But with the passing of the status-quo agreement in Article XIX of the Washington Five Power Pact, and with the growing apprehension of Japanese strongholds in the mandated islands, the Americans have announced their intention to "meet fortifications with fortifications, and to answer menaces with more menaces." As emotions become more inflamed, they replace cold strategic and economic interests as guides for naval policy. Under the inspiration of a quasi-war hysteria both the United States and Japan spend infinitely more in

preparing against each other than the pocketbooks of the hapless taxpayers can well afford.

The United States verified its strategic interest in the South Seas at the time of the German advance into the Low Countries in April 1940. When the Netherlands lost effective, independent control of the Indies, the Japanese Foreign Minister immediately declared that because of the principles of mutual aid, interdependence and economic relations, "the Japanese government cannot but be deeply concerned over any development accompanying the aggravation of the war in Europe that might affect the status quo of the Netherlands East Indies."

Mr. Hull immediately reminded Japan of its promise to the United States on November 30, 1908, to maintain the status quo in the Pacific and of its note to the Netherlands on February 4, 1922, resolving "to respect the rights of the Netherlands in relation to their insular possessions in the region of the Pacific Ocean." The Secretary of State declared that

> intervention in the domestic affairs of the Netherlands Indies or any alteration of their status quo by other than peaceful processes would be prejudicial to the cause of stability, peace and security, not only in the region of the Netherlands Indies but in the entire Pacific area.

Japan on its part feared "protective occupation" by the United States or Great Britain, while the United States was apprehensive lest Japan take over the rich prize while Hitler reduced his enemies to helplessness in Europe.

Secretary Hull used an ingenious subterfuge to protest against the Japanese-British engagement to close the Burma Road. On July 16, 1940, he said that the United States has a legitimate interest in keeping open arteries of commerce in every part of the world and that as a consequence "such action

as recently taken constitutes an unwarranted interposition of obstacles to world trade."

INTANGIBLE INTERESTS

Intangible American interests are equally essential to the explanation of American foreign policy in the Far East. As Secretary Hull wrote in a public letter to Vice-President Garner on January 6, 1938:

> The interest and concern of the United States in the Far Eastern situation . . . are not measured by the number of American citizens residing in a particular country . . . nor by the amount of investment of American citizens there nor by the volume of trade. . . . There is a . . . more fundamental interest—which is that orderly processes in international relationships be maintained . . . this interest far transcends in importance the value of American trade with China or American investments in China; it transcends even the question of safeguarding the immediate welfare of American citizens in China.

The United States has subscribed to a treaty system which establishes an identity of interests with every other nation that trades in China on an "unequal" basis. The United States has insisted upon the protection of its commercial and missionary activities in China, and upon its right to engage in trade on terms of the "favored-nation." Secretary Hull has repeatedly maintained that it is a fundamental interest of the United States to have Japan observe established *principles* of conduct in its relations with China, and incidentally with the rest of the world.

When the Secretary of State speaks of orderly processes and established principles of conduct, he is keenly conscious that these objectives react to the benefit of the United States. The altruism and the high-mindedness of the peace-and-order program are at the same time the most intelligent technique for the protection and promotion of American national interests.

Those interests will remain secure against sudden change or annihilation as long as others who would weaken them limit their attack to the customary and foreseeable methods and means which can be prevented or overcome.

ECONOMIC INTERESTS

American economic interests in Eastern Asia are of slight relative importance in the gigantic total of the American economic structure. Annually, since the depression, fifteen percent of everything which the United States sells abroad goes to Eastern Asia, and twenty-four percent of all the United States buys from abroad comes from that region. Trade with Eastern Asia is only half as great as that with Europe. American exports to eleven millions of people in Canada exceed those to seven hundred millions of Asiatics. However, quantities alone do not indicate the importance to the American industrial machine of the commodities exchanged with Eastern Asia. The United States would be in an industrial predicament if a war should cut off the stream of imports from the lands of the setting sun. Eighty percent of American imports from Eastern Asia include the essential non-competing crude items of silk, rubber, tin, tung oil, tea, spices, Manila hemp, bristles, seeds, goat and kid skins and palm oil. Most of the other imports are the partially competitive sugar, coconut oil, and cordage. A remaining very small portion, less than five percent, includes definitely competitive sundries from Japan. These sundries are insignificant in volume and value, but they give rise to bitter controversies when they tread on the toes of powerful entrenched American interests. The United States has never imported more than one percent of its cotton cloth from Japan, yet from the acrimonious comments made in the American press one would get the alarming impression that Japan was on the verge of stealing the entire American market from the domestic mills.

The United States exports one-third of its cotton crop to

Eastern Asia, mostly to Japan. It exports much of its tobacco, wheat, flour, iron and steel. But it sells to Eastern Asia a mere two percent of its total production of refined petroleum products. Sales of manufactured products—machinery, automobiles, airplanes, refrigerators and radios—still account for two-fifths of all sales to the Orient, but they are declining in importance as the industrialized East is equipping itself to supply its own markets. One-sixth of all manufactured products exported by the United States is destined for Eastern Asia, whereas one-fourth of all the raw materials exported by the United States is consigned to the same destination. This discrepancy is contrary to the popular notion that industrial America exchanges the wealth of its manufacturing genius for the raw materials of the backward East. America actually ships its raw materials and semi-manufactured goods to an industrializing East which processses the unfinished materials in its own mills with its own labor.

In terms of dollars and cents, American trade with Asia is presented in the table which follows:

Millions of U.S. Dollars

	Exports			Imports		
	Asia	Japan	China	Asia	Japan	China
1921–25	451	241	128	785	335	160
1926–30	507	246	134	988	379	155
1931–35	309	169	75	414	148	55
1938		240	34		125	47

Trade with China in 1938 represented a turnover of $80,000,000 ($34,000,000 in exports to China, $47,000,000 in imports from China) as compared with a turnover of $365,000,000 in trade with Japan ($240,000,000 in exports to Japan, $125,000,000 in imports from Japan). This million dollar per day business with Japan meant that Japan alone took eight percent of all American exports and supplied six and one-half percent of all American imports. Sixteen percent of all Japanese exports went to the United States, in spite of the agitation for

the boycott of Japanese goods, and ten percent of all Japanese imports were of American origin. The United States outranked the whole of the British Empire as first supplier and first customer in the foreign commerce of Japan. Japan was the third best customer of the United States while China was seventeenth.

This does not mean that Japan is proportionately the more important to the American economic system. Trade with Japan and Manchoukuo is temporarily high, under war conditions. Japan has looked to the United States as the chief source of war supplies and has purchased more than half its essential war materials from American concerns. Japan has bought in the American market ninety percent of its automobiles and trucks, fifty percent of its machinery, seventy percent of its scrap iron, forty percent of its pig iron, sixty percent of its petroleum products, ninety percent of its copper and sixty percent of its raw cotton. At least sixty percent of all Japanese purchases in the United States since the outbreak of the Sino-Japanese War have been purchases of war materials.

Even under normal circumstances, the bulk of Japanese imports from the United States consists of raw materials. These raw materials undergo a manufacturing process in Japan which makes them competitive with American finished products. For example, the United States sells crude oil to Japan. The oil is then refined in Japan, and is resold on the Japanese market or on the world markets in competition with American gasoline or kerosene. In some instances, American branch factories in Japan import raw materials from the United States and utilize Japanese labor to process or assemble the finished products. Otis Elevator, Westinghouse Manufacturing, General Electric, R.C.A.-Victor, General Motors, Ford, Associated Oil, Goodrich Rubber, Harley-Davidson Motorcycles, and Corn Products are among the companies which operate in this manner. Finally, American raw cotton goes into Japanese textile mills where it is woven into tex-

tiles and re-exported to China, India, Latin America, Africa and in some instances back to the United States itself. It is therefore entirely possible that diminished sales of raw cotton to Japan might mean increased sales of American cotton textiles to markets which are now dominated by Japan.

However, the amount of Japanese-American trade is so substantial that the American political authorities must proceed with caution in proposing or taking any action which might interfere with the steady flow of profits derived therefrom. The Japanese are excellent customers, and have an impeccable record of meeting their financial obligations exactly when they are due. But on January 26, 1940, Washington terminated the commercial treaty under which this trade has flourished. This action foreshadowed subsequent embargoes on the exportation of war materials and possible penalty duties on the importation of goods from Japan. Discriminatory measures of this type are popular with Americans whose consciences are outraged by the brutality of the Japanese armies in China, but they are certain to provoke retaliation. They will lighten the loads of cargo ships which have been hugging the water line as they have been shuttling back and forth across the Pacific.

American sales to China have always been small because of the civil disorders and the economic handicaps of an isolated agricultural country. These sales have been forcibly decreased by war-time conditions. Japan has cut off vital Chinese revenues and has stifled foreign trade at the Chinese ports. Chinese middlemen have been squeezed out of business and Japanese firms in China have succeeded to the service profits from Sino-American trade. American products exported to the interior of China are often actually destined to Japanese purchasers in China. Petroleum sales may appear in the statistical tables as sales to China, but actually they are direct sales to the Japanese military organs in China. American products which are going to bona fide Chinese consumers do not have the

facilities of Yangtze transportation, but must go around the tortuous routes through Burma or Indo-China. Chinese purchasing power has been destroyed or seriously dislocated. American sales on credit are unusually precarious commercial risks. It is indeed remarkable that China continues to do any international business at all, in view of the Herculean efforts of the Japanese to throttle completely commercial China. Although the fantastic prospects of eventual millions to be made in trade with reconstructed China must be limited to the realistic possibilities of China to sell in the markets of the world, it is worth pointing out that prospects for future Sino-American trade were extremely rosy in 1937 before the war. Increasing political stability, expanding opportunities for foreign capital in domestic economic development, improving organization for foreign commerce, growing industrial activity, and a visibly climbing purchasing power on the part of China's millions promised tangible opportunities to cash in on some of the optimism which China trade has always inspired.

The United States buys five percent of all its imports from the Philippine Islands, and sells there three percent of all its exports. In quantity, the United States does the same amount of business with the Islands which it carries on with the whole of China. But these transactions depend upon the favorable treatment accorded to the Philippines in consequence of their position as an economic part of the United States. If the "Closed Door" were abandoned, and the markets of the Philippines were thrown open to foreign competition, American trade would seriously dwindle.

Aside from Japan, China and the Philippine Islands, the rest of Eastern Asia absorbs less than one percent of American exports. But it supplies the United States with seven percent of all its imports. This import figure is surprisingly high because of the huge cargoes of tin and rubber which are shipped to American shores from Singapore, Saïgon and Penang.

The American balance of trade with Eastern Asia is pas-

sive. Imports of commodities exceed exports. This means that American dollars or their equivalent must be sent across the Pacific in payment for the import surplus. But these dollars do not remain very long in Eastern Asia. They are transferred to British, French or Dutch colonial investors in the European home lands. These Europeans in turn use the same dollar credits to pay for the excess commodities which they ordinarily purchase from the United States. Therefore the passive balance with Asia is not a handicap or a loss to the United States. It is a beneficial offset to the active balance with Europe. The United States must buy somewhere if it hopes to sell elsewhere. Contrary to popular belief, this negative or passive balance with Asia keeps the channels of commerce from becoming clogged. The United States is a huge creditor country, and it must purchase products of other lands if it expects its international debtors to meet their obligations. It is arguable that America's great problem in international economic relations is not the promotion of its exports, but rather the promotion of its imports. Imports increase the purchasing power of foreign customers, who will in turn be glad to buy the superior but more expensive products of American industry.

American investments in Eastern Asia constitute only five percent of the fourteen billions of dollars which Americans have invested abroad. Of an estimated $750,000,000 in China, Japan, the Philippines and Malaysia in 1935, approximately half was in the municipalities, branch factories, public utilities and government obligations in Japan. According to the Department of Commerce there was as much American money in Japan as in the rest of the East Asiatic countries combined. $150,000,000 was in bonds, real estate, manufacturing industries, mines, agriculture, forests and trading firms in the Philippines; $132,000,000 in government securities, importing and exporting establishments, utilities, railways, factories, mission properties, real estate and banks in China; and the remaining

$80,000,000 was in the petroleum, rubber and miscellaneous American interests in the Netherlands Indies, Malaysia, French Indo-China and Siam. Figures from other sources vary to some extent, but the amounts quoted from the Department of Commerce estimates indicate approximate proportions even if the exact sums are questionable or debatable.

The total of American investments in Eastern Asia is less than the British investments in China alone, or less than the Japanese investments in the single state of Manchoukuo. American investments in China and Japan are less than the holdings of a single British company—the Royal Dutch-Shell in the Netherlands Indies. For every one dollar the Americans have invested in China, the British have invested seven dollars, and the Japanese have invested six dollars and a half. The small comparative total of the American investments is easily explained by the nature of the investments themselves:

> A group of American residents in the Philippine Islands puts a little money in a gold mine. A mid-western bank buys a bond of the City of Tokyo. The United States Rubber Company organizes a subsidiary to develop rubber plantations in Netherlands India. The Singer Sewing Machine Company sets up a branch in Yokohama. An American resident of Shanghai becomes an operator in the local real estate market. A group of Wall Street bankers, with the assistance of the State Department, gains the right to participate along with the British, French and German bankers in an issue of Chinese Railway bonds. A missionary society builds a school in Chengtu. A philanthropic organization constructs a hospital in Peiping. By such transactions as these has our investment stake in the Far East been built up.

American capital has shied away from the Orient because of the same political uncertainties and economic disabilities which have hampered the development of American trade. Investors and brokers have not known too much about the opportunities for profit in the Orient. They have distrusted the mysterious characteristics in political and economic struc-

tures which in their minds have marked the states in Eastern Asia as things distant, dark and different. American money lenders have been restrained by the low purchasing power of the Orientals, the absence of customary facilities for the enforcement of contracts, and by their preference for investment opportunities in Europe, Canada or Latin America.

Since the depression, American portfolio and direct investments abroad have been shrinking in value. Of the portfolio investments, the stocks and bonds, the Japanese and the Dutch have been taking advantage of declining prices to repurchase securities of their municipalities, utilities, or government loans originally sold to Americans through the New York Exchange. Of the direct investments, the actual branch factories and selling agencies owned and operated by Americans throughout the Orient, Americans have been prone to look upon them with sentiments of contraction and caution. For example, the outstanding American company in the Orient—the Standard-Vacuum Oil Co.—has not increased appreciably since 1930 its $70,000,000 stake in oil properties in the Netherlands East Indies. American manufacturing companies and trading houses in Japan have restrained their desires to expand because of the subordination of all business within Japan to the political demands of foreign policy. The American and Foreign Power Company—a subsidiary of the Electric Bond and Share Company—has recently acquired the Shanghai Power Company; the International Telephone and Telegraph has taken over the telephone system in the same city; and the Central Aircraft and Manufacturing Company, owned by Curtiss-Wright, Douglas, and a Delaware corporation—"Intercontinent Aviation"—has built an aircraft factory at Shienchao, Chekiang. This factory has turned out to be a peripatetic installation, because it has fled on the backs of coolies before the Japanese armies first to Hankow, then to Yünnan and finally to some unpublicized location on the Yünnan-Burma border. The Pan-American Airways Com-

pany has acquired, for one-half million dollars, forty-five percent of the stock of the China National Aviation Corporation. But these expansionist tendencies in China were nipped in the bud by the outbreak of hostilities. American properties there have suffered indescribably because of the destruction in the wake of war. Reconstruction or maintenance expenditures have been postponed because of future uncertainties resulting from war conditions.

The direct investments of the Americans in Eastern Asia return about thirty-five millions of dollars annually in dividends and interest. In addition, the investments serve as a stimulus to international trade. For example, loans to the Shanghai Power Company, or perhaps to the Chinese Ministry of Railway, involve purchases of equipment in the lending country. The loan or sale of intangible properties, like patent rights which parent companies release to Japanese subsidiaries, boosts the exports of raw materials or semi-manufactured products. But American loans have had political as well as economic objectives. The Reconstruction Finance Corporation and the Import-Export Bank have explained their advances to China as stimulants to sales of agricultural commodities and automobiles. But these loans were also manifest moral supports to bewildered Chinese officials in their gallant but faltering resistance to Japanese invaders.

FACTORS CONDITIONING AMERICAN POLICY

The foregoing analysis of strategic and economic interests of the United States in Eastern Asia serves as a basis for the discussion of American policy. The Secretary of State and his colleagues who are entrusted with the professional task of carrying out foreign policy must devise ways and means to safeguard and promote these national interests. At the outset, they are faced with at least three groups of factors which aid them in determining what should be done and what can be done in Eastern Asia. They must consider that American ac-

tion in that region must coincide with general world policies of the United States, and with traditions and attitudes associated with other regions in the world. Their decisions must react favorably upon internal economic conditions and must flow from the desires of conflicting pressure groups.

In the United States, it is generally conceded that geographic isolation guarantees reasonable security, and that abundance of raw materials guarantees an adequate foundation for eventual prosperity. "Peace" is to the advantage of every interest group, so the mass of Americans is not happy to approve any course of action which threatens involvement in war in the Orient or any other place. Likewise, the United States is devoid of any further territorial ambition, so it supports the doctrine of the status quo. At the time of the Twenty-one Demands Secretary of State Bryan objected to the proposed Japanese political, military and economic domination of Eastern Inner Mongolia and Southern Manchuria and informed Japan that the United States "cannot recognize any agreement or understanding which has been entered into or which may be entered into impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy relating to China commonly known as the Open Door." Secretary Stimson took his cue from the previous note of the Great Commoner, and placed on record his own interpretation of the Doctrine of Non-Recognition:

> The American Government cannot admit the legality of any situation de facto, nor does it intend to recognize any treatment or agreement entered into between these governments . . . which may impair the treaty rights of the United States or its citizens in China . . . and does not intend to recognize any situation, treaty or agreement which may be brought about by means contrary to the covenants and obligations of the Pact of Paris.

The Stimson Doctrine is in reality a general American policy, with a temporary application to the situation in Eastern

Asia. The words "intend to" are worth underscoring. The government of the United States did not really *intend to* recognize Manchoukuo in 1932, it did not *intend to* extend recognition to Wang Ching-wei in 1940, but at a future date it might conceivably change its intention. As a new expedient, it might choose to recognize the puppet regime. Such procedure would not be in contradiction to the letter of its basic position.

The American program of reciprocal trade is without doubt due for rough weather in Eastern Asia. Manchoukuo has negotiated barter agreements with Germany; Japan is flirting with barter possibilities throughout Latin America; and if Japan succeeds in monopolizing the China trade, Japan will seek unilateral favors from any commercial negotiations dealing with China. The trade balance between the United States and Japan is weighted so heavily in favor of the United States that it is only reasonable to anticipate that Japan will resort to proportional buying from its customers, to further restriction of its non-essential imports, and to a greater extension of export subsidies. These prospects of greater controls on the processes of trade run directly counter to the objectives of freer trade as envisaged by the reciprocal program of Mr. Hull.

The situation in Eastern Asia presents particular problems with regard to the policy of neutrality. The neutrality policy is infinitely more than a statement of American attitudes towards active belligerents. It is a definition of an entire program for peace and security. The confusion in the precise definition of objectives has given rise to the bitter debates on questions of procedure. Americans have not made up their minds whether international justice is something which can be defined and which is more important than mere non-intervention. They accepted a peace-at-any-price attitude and agreed that their one "hardheaded purpose shall be to keep America out of war." They admitted that orderly processes in inter-

national relations constitute a primary national interest, but they frowned upon any gestures to pay the price which the implementation of that particular national interest demands. They were unwilling to take risks, make sacrifices, enter into cooperative obligations or take any positive stand for the single-handed enforcement of their own admitted concepts of international ethics.

The Neutrality Resolutions were not designed to prevent wars, to stop existing wars, to pass judgment upon the merits of the belligerents, or to aid the non-aggressor in self-defense. They were drawn up in a manner to keep the United States out of wars already begun and were based on the experiences of the United States in previous European wars. They were self-denying resolutions to forego the exercise of admitted neutral rights in the interest of avoiding complications which led to previous American participation in the wars of Europe. They became less effective as Americans became more interested in British victory than in staying out of war. Neutrality resolutions amounted to little more than dead letters when the lend-lease program initiated a policy of all-out aid for Britain.

But the provisions of the Neutrality Resolutions have little relationship to the complications which might involve the United States in hostilities in Asia. There is no danger of an uncontrollable trade boom with either Japan or China. Japanese purchases are likely to decline because of the pressure on the yen, the strain on Japanese shipping facilities occasioned by the necessity of transporting men and supplies to China, the disappearance of their gold reserve, the tightening of their import control measures, their own disinclination to borrow abroad, and the American licensing and embargo policies. Purchases from China are likely to continue on the down hill side because of tremendous war losses and the effectiveness of the Japanese blockade. The Neutrality Resolutions omit any reference to vital imports, such as rubber from the Indies, say nothing of incidents, such as the *Panay*, and their regula-

tions concerning finance are superfluous with regard to the Orient. Neither belligerent is able to buy in the United States except on a cash and carry basis.

Furthermore, most of the objectives of the Neutrality Resolutions have been achieved in the Orient by other measures. On September 14, 1937, the Secretary of State forbade the shipment of arms on vessels in which the United States has a financial interest and warned private shippers that they transported armaments at their own risk. At the same time he advised Americans to evacuate danger zones in China. On June 17, 1938, he discouraged American aircraft manufacturers from shipping bombing planes to countries which had been guilty of indiscriminate attacks against civilian populations. It would be useless to warn American citizens that they should travel on American ships, instead of Japanese, if the American lines would provide the same standards of service for which the Japanese have been traditionally famous.

On July 2, 1940, President Roosevelt proclaimed that licenses must be secured for the export of arms and ammunition, certain basic materials, including aluminum, antimony, manganese, rubber, tin, tungsten and metal working machinery. This paved the way for a discriminatory embargo since Washington could grant or withhold licenses at its own absolute pleasure. Three weeks later a further proclamation placed aviation gasoline, tetra-ethyl lead, lubricating oil, and number one heavy melting iron and steel scrap on the list subject to export control. On September 26, 1940 the export of all iron and steel scrap was prohibited except to Great Britain and the countries of the western hemisphere, and on December 10 a very effective *coup de grâce* was administered to Japan by an American curb on foreign sales of pig iron, ferro-alloys, agricultural machinery and the remaining categories of machine tools. After February 1941 Japan was forced to seek elsewhere its supplies of copper, zinc and lead.

An intelligent policy for Eastern Asia must be more than a mere "neutrality" policy and must be based upon an honest answer to some embarrassing questions which are often conveniently overlooked. Dr. Arthur Coons has phrased these questions very concisely, in asking: Exactly what are Americans concerned about in China? Is it the fact of aggression or the phenomenon of the Japanese aggression in China, or is it the brutal character of the Japanese aggression? Do we wish to penalize the aggressor, or refrain from moral or economic participation in aggression, or do we wish to keep aloof from it? Is it the fact of the breach of treaty or is it the method? Is it the fact of discrimination against the United States or is it the fear of a New Order? Do we wish to stop Japan completely or just this evidence of Japanese expansion? Are we concerned over the Orient or over the Orient as a part of world affairs? Are we obliged to take the same stand against aggression everywhere as in the Orient? When these questions are answered, when American objectives are defined, then and then only will it be possible to chart the course of neutrality, "non-belligerency," or war,—whichever seems best adapted to the achievement of these aims.

Conflicting attitudes on the advisability of applying the Neutrality Resolutions to the Sino-Japanese controversy reveal the close connection between pressure groups and foreign policy. There are some individuals or groups who stand to gain from continued warfare or who would profit from an ultimate Japanese victory. These insist that the United States should stay clear of the situation and let the "Orientals handle their affairs in their own way." Exporters of oil and scrap iron to Japan insist that there is no war in the Orient and that the President is quite right in refusing to find that a state of war exists.

On the other hand there are other individuals or groups who sympathize with China but even these do not want in-

discriminate legislation against both sides. American importers in Shanghai, who find their business ruined, and American missionaries in China who see the result of years of labor vanishing before the onslaught of the Japanese spend their precious money in frantic cables imploring Washington to discriminate against Japan in favor of China. Intellectual liberals, who see in the methods of Japan the breakdown of the remnants of the system of collective security and the prelude to general chaos, preach that Japan should somehow be restrained.

A group of Harvard law professors has publicized a program of "action." They believe that the British and the Chinese are fighting our fight, and that if Japan conquers China and Malaya it will become a formidable foe and will assume the initiative against us. According to them, Russia will then fall in line with Germany; the colonies, protectorates and countries of the Near East and Africa will no longer support the British, and South America will advocate appeasement. Therefore, the United States should grant all aid to China, embargo Japan completely, and cooperate completely with the British fleet in menacing Japan by blockade, trade interception or keeping Japan from Singapore. The law professors think that this course would bring Japan to its senses or would provoke Japan to fight. Actual fighting does not seem repugnant to the professors because it would not divert our reserves from Britain, would consolidate American opinion, and would expedite our own production.

Gen. Hugh Johnson has expressed his approval of a contrary procedure. He has echoed President Theodore Roosevelt's sentiments that the United States should not draw unless it intends to shoot. He has recognized that Eastern Asia constitutes a "vital interest" to Japan, but a "peripheral interest" to the United States. The game of war would be costly and would not bring spoils commensurate with expenditures. In his words:

The trouble with us in the Far East is that we are amateurs in imperialism, innocents at a gangsters' poker game, the fat boy with the bag of candy in a group of hungry urchins. On top of all that, we have neither interest nor business there . . . I say with the President, "Defend the Americas." But I mean it when I say it, and if Asia is any part of the Americas, then east is west and somebody has scrambled the globe on us. Let's get out of this dangerous and extravagant busybody Oriental kibitzing with the best face we can, and get out while the getting is good.

The situation in the Far East has revealed that a general policy of neutrality which is sauce for the European goose is not necessarily for the Oriental gander. Many would junk the whole neutrality program and would adopt a unilateral embargo against any nation which is at war in violation of any treaty to which the United States is a party. They point out that by its signature of the Kellogg Pact, the United States has a treaty with practically every other nation in the world renouncing war as an instrument of policy. Consequently, any resort to war automatically would give the United States the opportunity to determine which side is the aggressor, and to apply punitive measures at its discretion. On the other hand the isolationists, or the non-interventionists as they prefer to call themselves, oppose any step in the direction of enforcible idealism, and contend that it is quite sufficient to keep out of any war that some one else is fool enough to start.

It is difficult to discover the interest-groups in the United States who influence the formulation and execution of foreign policy. The United States has no compact governing class which is unified in background and outlook, and which dedicates itself exclusively to the definition and safeguarding of national interests. There is no group of expert amateurs to whom the Department of State can turn in order to supplement or correct its own interpretations. There is no aristocracy, or no proletariat in any effective form. The financial and corporation tycoons who have experience in international

economic relationships seldom feel or exercise any responsibility outside their own particular spheres. These men can be counted upon in times of crisis or of national emergency, but they remain in splendid isolation from the unspectacular conduct of everyday foreign relations. And in these ordinary relations, their counsel would be of appreciable importance. Labor organizations, patriotic organizations, and even service clubs have expressed themselves from time to time on particular issues, but they generally look at and act upon specific situations in accordance with the dictates of their own individualistic welfare. It is seldom that they devote themselves to serious study of international complications from the standpoint of the American masses within and without the closed ranks of their own organizations.

Most people in the United States have no serious convictions about affairs in the Orient. They know little and care less about the family quarrels between Japan and China. They sympathize with the Chinese underdog and distrust the Japanese invader. They think that it is "all right" for the Government to protect American interests but they don't want to send their boys across the Pacific in order to fight for "Standard Oil." They think the *Panay* was sunk because it was escorting Standard Oil tugs up a river where they had no business to be. They feel that the Government is likely to conspire with big banks and corporations to pull the wool over the "people's" eyes. Therefore many are convinced that, no matter how much justice is involved, the United States must stay out of other people's misunderstandings in Eastern Asia. In no event must it become involved in costly and useless war, except in conjunction with its policies in Europe.

The Government at Washington must consider these popular sentiments. Although it may try to "educate" them or "correct" them, it can never depart very far from a course of action which the public prescribes. The public itself may be subject to gross deception; it may be ill-informed and com-

pletely misguided; but the Government knows that it must keep its fingers on the pulse of public opinion. Any administration uses every device in its power to sound out opinion and to influence opinion in support of a given line of action. The famous speech of President Roosevelt on October 5, 1937 sought to discover how far the people would support the idea of a quarantine against the ten percent who threatened the peace of the world. When editorial comments on the following day revealed a latent antipathy to quarantine proposals, it was deemed essential to back up, and to proceed with less speed and more caution.

A story goes that a correspondent sensed the President's desire to take positive measures and asked the President if he envisaged the possibility of sanctions against Japan. The President is supposed to have replied, "You are reading the book on page 252, I am only on page 2."

Throughout the course of Sino-Japanese hostilities, the Administration spared no efforts to make known its opposition to the methods of Japan. When public opinion hardened sufficiently to tolerate definite official gestures against the Japanese, the Administration made the gestures. But the Administration hesitated and waited until it was certain of the unstinted approval of the millions who cast their votes. The Press Releases from the Department of State, the prepared statements and speeches of the Cabinet officers or lesser officials, were designed to create a public frame of mind receptive to administration intentions. Washington could never depart very far from Main Street, but Washington was very capable in suggesting what Main Street ought to think.

Regional American policy in the Orient has long been identified with the Open Door and the territorial integrity of China. The Open Door originally meant American insistence that a) any power even in its sphere of interest shall not interfere with any treaty port or vested American interests; b) shall apply the Chinese customs tariff without discrimina-

tion; and c) shall levy equal harbor dues and railway rates on all vessels and cargoes regardless of country of origin or registry. These rules for the limitation of competitive methods seemed necessary or at least highly useful for a large, rich, and highly endowed country. Secretary Hay added to the Open Door the idea of territorial entity in his circular note to the powers on July 3, 1900 which states:

> The policy of the Government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire.

By the Nine Power Treaty signed at Washington in 1922, the Open Door became a legally binding obligation

> to respect the sovereignty, independence, and the territorial and administrative integrity of China; to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government; . . . and to refrain from seeking any general superiority of rights with respect to commercial or economic development in any designated region of China.

Within the confines of this treaty structure, the United States has participated in the unequal privileges of extraterritoriality, armed forces in the interior, inland shipping rights on the Yangtze and along the China coast, the international settlements and concessions, and questionable interference with the exercise of Chinese sovereignty. The United States has often been callously indifferent to the justice of the concessions demanded from China but it has been meticulously careful that no other Power receives a greater privilege than accrues to itself.

The regional policy of the Open Door has grown side by

side with the doctrines of non-participation in European affairs and the Monroe Doctrine in Latin-America. At first glance, it seems paradoxical that the United States should feel obligated to remain aloof with regard to Europe, to cooperate with others in the Far East, and to assume major responsibility for the Monroe Doctrine and continental solidarity in this hemisphere. On closer study, these traditional regional policies appear not as different "policies" at all but as merely three phases of the same policy. They are methods of adaptation to different sets of circumstances for the best national interest of the United States. Traditional names afford convenient stimulants for emotional reactions, but they will not constitute conclusive detriments to any decision to take action abroad which seems essential for national advantage.

The directors of policy operate in a constantly changing world. When they face the problem of safeguarding rights in countries engaged in war, they must decide when to compromise, when to recede, and at what point to stand pat. They must be prepared for a Chinese victory, a Japanese victory, or a truce of exhaustion. Consuls and diplomats pour a continuous stream of information into Washington concerning the munitions, morale and economic solvency of the Chinese; and concerning the raw materials, the industries, the commerce and finance of the Japanese. Some experts in Far Eastern affairs endeavor to estimate the direction and the probable extent of Chinese political and economic evolution after the war; and others concentrate their thoughts on long-run trends in Japan. Still others follow closely the interplay of world-politics in the Far East. They try to analyze and forecast the repercussions in the Orient of great-Power friction and war in Europe and the Americas. All these men pool their opinions and the result is the operation of policy as it is formulated, changed and applied from day to day.

There is unusual importance which must be attached to the influence of world politics on American policy in the

Orient. The strength of potential enemies and the degree of embarrassment of the United States and its probable allies in other parts of the world will temper American firmness in the Orient. Conversely, the apparent or impending failures of those who challenge American interests will encourage the United States to take a more positive stand in defense of its rights.

ISSUES BETWEEN THE UNITED STATES AND JAPAN

The immediate issues of American foreign policy with regard to Japan are Japanese immigration into the United States, naval rivalry, commercial competition, salmon fisheries and the Japanese policy in China. On May 15, 1924 the American Congress—by votes of 308 to 62 in the House and 69 to 9 in the Senate—passed an act providing for total exclusion of aliens ineligible to citizenship. Chinese had been excluded since 1882 and the Japanese were placed out in the cold with the Chinese in 1924. The "infernal fools in California," as President Theodore Roosevelt called them, capitalized on their inability to assimilate Oriental immigrants, and converted the majority of the legislators to the proposition that these social misfits should not be given the privilege of quota immigration. If the quota had been applied to Japan, approximately 180 immigrants would have been permitted per year. The Japanese considered exclusion as a matter of principle and as an indication that the American government was not extending proper consideration ordinarily given by one nation to the self-respect of another. Resentment burned deep into the sensitive souls of the Japanese, and the immigration issue prevents a genuine spirit of cordial cooperation on any of the other Japanese-American problems.

A move for revision of the immigration law and the substitution of treaty regulation for statutory regulation had made considerable progress until 1931, when American opposition to Japan's incipient China policy destroyed sympa-

thetic efforts to heal the wounds from the Exclusion Act.

Racial pride has likewise complicated the issue of naval rivalry between Japan and the United States. Because of a harassed international position in 1922, the Japanese acceded to the lesser end of the 5-5-3 Anglo-American-Japanese naval agreement. But the Japanese accepted their tonnage inferiority with their tongues in their cheeks and abrogated their treaty agreements in 1936. Subsequent efforts to regulate competitive naval building degenerated into side-shows where each nation tried to sell its own pet scheme of naval limitation. The Japanese spoke of a common upper limit, which meant numerical equality in tonnage, limitation by global tonnage, or of the abolition of offensive vessels, meaning primarily capital ships and aircraft-carriers. The Americans continued their insistence upon equality in security, upon the limitation of tonnage and armament of each category of ships, and upon no distinction between offensive and defensive vessels. The British assumed the role of the honest broker, but tended to side with the United States. When it became evident that the Japanese would not subscribe to the American position, and conversely that the Americans would not give in to the Japanese contentions, the British entered into a limited arrangement with the United States to exchange information on building programs and to limit the size of new vessels to 35,000 tons provided other nations would do the same. Even these obligations disappeared when in 1938 the Japanese refused to disclose the details of their new capital ships and when in 1939 the actuality of war dissolved the reckless proposals which had been devised to prevent it.

British-American naval cooperation in Eastern Asia has continued in spite of the treaty break-down. Staff conversations have been in order, and American naval vessels did more than celebrate the holidays when they took their greetings to the Australian Commonwealth. American guests were at the

dedication ceremonies for the Singapore naval base. American and British Commanders-in-Chief of their respective Asiatic Stations are in constant communication with regard to incidents and policies in China. And since the outbreak of war in Europe American Admirals have shot the works in inflaming American opinion by preaching the coordinated menace of Japan in the Pacific and Germany in the Atlantic, and by pushing an unprecedented program of naval defense through a frightened Congress.

The independence of the Philippines and the fortification of Guam are a part of the problem of naval rivalry. Many in the United States believe that the southward expansion of the Japanese Empire in its quest for oil for the fleet aims directly at the oil reserves of the Indies. British Hongkong and American Manila lie between Japan and its tropical desires. Somehow or other many Americans can not reconcile themselves to the prospect of the Japanese in the Philippines and feel that the naval bases there must be strengthened in order to stop the advance of Japan.

Commercial rivalry between the United States and Japan has not been as intense in the past as it might become in the future. The Americans have never felt the pressure of Japan's commercial expansion to the degree that the British experienced it, because Japan's exports have not been directly competitive with the exports of the United States. The United States sells primarily on a quality basis, while Japan sells on a price basis. Where Japanese competition has threatened extensive penetration into the American market, the entry of Japanese goods has been cut short by the application of higher tariffs or by the voluntary acceptance of quota arrangements. So far the American reciprocity program has not granted many direct or indirect concessions to the Japanese, but it requires little imagination to foresee expressions of American opinion if tariff bars are let down on textiles, rubber goods, electric lights, or manufactured products. Yet Japan is rap-

idly approaching the position where it must sell more, in order to pay for the extra millions it feels obliged to import. If Du Pont's new artificial silk fabric cuts into Japan's practical monopoly of raw silk, and lessens materially the exchange made available to Japan by its American sales of raw silk, the United States must be prepared for greater and more ruthless Japanese campaigns to cut into American sales in the Orient and Latin America. And it must also be prepared to meet Japanese competition in "nylon." When rayon was introduced, the American rayon industry was going to put the Japanese silk industry on the rocks. Instead of harming the national power of Japan, rayon helped it. Rayon manufacturers wrought incalculable harm to the poor Japanese peasants who scraped together their meagre livelihoods from the sale of silk, but they brought to Japan a new and flourishing industry which supplies the markets of the world. So, a new nylon industry might hurt the rayon competition, and it might strike a mortal blow to raw silk, but it will undoubtedly add another new and profitable cog to the ingenious Japanese industrial machine.

The question of the salmon fishing in Northwestern waters has irritated the Pacific coast and has stirred Washington to the negotiation of a compromise settlement. The Japanese are without question among the greatest fishermen in the world. They account for one-fourth the total annual catch of ocean fish and for one-third the total annual export business in fish and fisheries' products. When they were shunted away from the diminishing resources of the Siberian fishing banks, they turned their attention to the rich possibilities of the Alaskan waters. The Japanese had long been active in the fishing industry in California, and they had obtained a major share in the canning business in British Columbia. Then in 1936 they inaugurated a program of "mother ships" with which they set about to deplete the salmon run southwards from Bristol Bay. Salmon are migratory fish. They swim

southwards from Alaskan waters to spawn in their native rivers. Conservation programs in which the Canadians and the Americans cooperate, demand that at least half the fish shall escape upstream to spawn in order to keep the supply constant. But the Japanese began to fish indiscriminately with huge nets three miles long. They would dump their catch into the maw of the mother ship where they would can the salmon without the necessity of going ashore. The Japanese Diet subsidized the Japanese fishermen and enabled them to extend their activities closer and closer to what the Americans thought of as their own preserve.

A clash was unavoidable. The Japanese were within their legal rights, because they had no need to come within the territorial waters of the United States. But the Americans were more interested in practical results than legal rights. The rugged fisher folk saw the future ruination of their resources. Therefore they provided themselves with rifles before they headed for the salmon catch in the open sea. They made no secret of their intention to shoot the "damn Japs" in case of a chance encounter with Oriental competitors.

The salmon catch amounts to some $35,000,000 annually. It occupies at least 100 concerns, sixteen of which control 72 percent of the output and employ 25,000 laborers. The salmon industry has brought into being the Alaskan transportation service and it pays 75 percent of Alaska's taxes. It supplies 80 percent of the familiar salmon tins which line the shelves of the neighborhood grocery stores. It constitutes a tremendous economic asset and it depends upon scientific conservation for its continuance.

The Japanese were quick to appreciate the intensity of American feelings with regard to the salmon fisheries, and they had no desire to add American ill will to the multitude of their difficulties. Therefore they agreed to suspend their fishing operations in the Alaskan waters pending a scientific study of the fishing resources of Bristol Bay and its environs.

They did not renounce any of their legal rights, which after all must be respected, but they did affirm their intention to refrain from exploiting the American reserves. This is probably not the final answer to the two-sided problem, but it is a temporary compromise in which the Japanese have conceded much in the interest of good will and harmonious relations. In the meantime the Japanese have increased their activities in fishing for shrimp, lobster and tuna in Mexico, in the Argentine, in Panama and off the California coast. As the Japanese fishing fleet has prospered and expanded it has given rise to the inevitable crop of rumors about naval officers masquerading in the rags of fishermen and naval reserves using the fishing smacks to spy on the movements of American vessels.

None of the foregoing issues harbors the same bitterness of emotion as the American opposition to the Japanese policy in China. On October 6, 1937, Secretary Hull stated categorically that the Government of the United States had been forced to the conclusion that the action of Japan in China was inconsistent with the principles which should govern the relationships between nations and was contrary to the provisions of the Nine Power Treaty of February 6, 1922, regarding principles and policies to be followed in matters concerning China, and to those of the Kellogg-Briand Pact of August 27, 1928.

Since that time, the United States has reaffirmed its opposition to Japan in direct and indirect ways. It has refused to invoke the neutrality resolution for fear of discriminating against the best interests of China; it has consulted with the other Powers in order to discover the best means of aiding and abetting China; it has provided armed escorts for its merchant vessels in the waters of China; it has advised American citizens in China, Indo-China, Manchoukuo, Formosa, Hongkong and Japan to evacuate, or to remain at their own risk; it has called home the wives of personnel on the Asiatic sta-

tion; it has addressed repeated pleas to both belligerents to settle their differences by peaceful means; it has protested against the violation of American rights; it has refused to permit American vessels to transport implements of war to Eastern Asia; it has prevented the transmission of mails to Germany by way of Japan and Russia; it has stopped shipment of subsidized wheat and flour to Japan and China; it has curbed its commercial relations with Japan; it has warned against preaching totalitarian ideas in the Philippines; and it has talked of a military mission to Chiang Kai-shek.

America's championship of the Open Door and equality of commercial opportunity has been proclaimed with a vehemence which approaches arrogance. Quoting from the note of October 6, 1938:

> The Government of the United States is apprehensive lest there develop in other areas of China a situation similar in its adverse effect upon the competitive position of American business to that which now exists in Manchuria.

In other words, it is apprehensive lest American retailers must surrender their markets to Japanese monopolies, and must abandon all hope of profitable jobs in any Chinese area occupied by the Japanese. The Japanese may continue to use American products but they tend to monopolize the profits derived from the business of importing and marketing those products.

The United States objects to the "exacting by Japanese authorities of control of foreign exchange [which places] those authorities in position to thwart equality of opportunity or free competition between Japan and the United States in that area." It resents "alterations of the Chinese customs tariff" and the "setting up of special companies and monopolies," such as the China Telephone and Telegraph Co., the Central China Telecommunication Co., the Shanghai Inland Navigation

Steamship Co., and the reported wool and tobacco monopolies in North China.

It also protests against Japanese interference with American property and individual rights, including such forms of interference as censorship of American mail and telegrams and restrictions upon residence and travel by Americans and upon American trade and shipping.

The American note of December 31, 1938 brands Japanese actions in China as unjust, unwarranted and counter to the provisions of several binding international agreements to which both the United States and Japan are parties. It accuses the Japanese of activities in China which flow from rights of sovereignty and of exercising political authority in areas beyond the limits of its lawful jurisdiction. It reminds Japan of the possibility of creating a "new order" by the process of treaty revision and assures Japan that it is prepared to discuss with other interested powers, including Japan and China, any proposals based on justice and reason which envisage the resolving of problems in a manner duly considerate of the rights and obligations of all parties directly concerned.

This diplomatic correspondence seems mild enough when considered in the light of actual happenings to American interests. "Several American business and mission properties, clearly and unmistakably marked with the American flag and located, moreover, not at all in the direct line of firing, had been with apparent intention bombed, burned, looted or otherwise destroyed by the Japanese."

The Japanese army of occupation has refused American trade in some regions, while it has flooded those same regions with Japanese goods labelled "military supplies." A Special Service Section conducts this subterranean trade. In Shanghai Japanese branch houses seek exclusive agency contracts from important American manufacturers, and then deliberately kill the sale of American goods in the interest of competing lines from Japan. Finally, the deliberate impover-

ishment of Chinese customers is likely to put a serious dent in the totals of American business for many years to come.

The Japanese have attempted to warn American vessels and nationals out of areas where the Japanese navy has been about to begin operations. These warnings have aroused American naval officers on the spot to the use of language which is decidedly more definite and to the point than the usual cautious phrases of diplomacy. Admiral Yarnell, finding himself in these circumstances at Swatow, in the summer of 1939, bluntly informed the Japanese authorities that

> the paramount duty of the United States Navy is the protection of American citizens. They will go wherever it is necessary at any time to carry out that mission, and they will remain at such a place as long as American citizens are in need of protection or assistance.

Admiral Yarnell declared that every effort would be made to avoid interference with Japanese military operations, but he rejected the Japanese disclaimer of responsibility for damages incurred by Americans if they refused to withdraw. The Government of the United States would hold the Japanese responsible for losses inflicted upon American lives or property. Secretary Hull could not use words as strong or as defiant as these, but he concurred by official silence, with the purport of the Admiral's assertions.

Indignities to American citizens, including the slapping of Consul Allison, the molestation of Miss Brady, the personal attack against Dr. Roots, the maltreatment of Mrs. Richards, and even the loss of lives suffered with the sinking of the *Panay* are closed incidents. But there are other Americans who might be victims of deliberate or accidental incidents in the future. Every government employee, business man, or missionary faces danger or even death if the Japanese continue their attacks against the position of the foreigners in China.

It is sometimes stated that these Americans have no right

to be in the war zone. But they were in China, in pursuit of legitimate business or charitable ends, long before the outbreak of hostilities. It has not been an easy, nor an inexpensive thing for them to pack up their household goods and to move, Heaven knows where, at a moment's notice. To many of the missionaries it has seemed cowardly and disastrous to the future of all mission work to desert the Chinese in this hour of darkest need. The missionaries have not the slightest intention of embarrassing their government and they would hesitate to plead that the government should embroil the country in war against Japan on their behalf.

On May 3, 1939, the Japanese Foreign Office addressed to the United States a note incorporating suggestions for revising the Land Regulations of the International Settlement at Shanghai, and for modifying and improving the administrative machinery of the International Settlement. The United States replied on May 19 to the effect that it would be ready to become a party to friendly and orderly negotiations, but not at the present abnormal time. It denied the Japanese allegation of insufficient representation on the Council; it praised the Settlement authorities for their superb efforts to maintain peace and order in spite of the "handicaps of lawless activities in areas contiguous to the International Settlement" and of the "refusal on the part of the Japanese military forces to return the Settlement area lying north of Soochow Creek to the effective control of the authorities of the International Settlement." In conclusion, the note expressed the opinion that the revision of the Land Regulations should await the development of more stable conditions, when revision could receive the attention of all countries concerned, including the United States.

Writing notes to Japan seems thankless and ineffective business, but it must be remembered that times change. The notes keep the legal position clear. They express unmistakably the American disapproval of the Japanese course of action. More-

over, if victory should turn to defeat, if hardship should lead to revolution, or if anticipated profit should eventuate in actual loss, then the Japanese disdain of the American position might give way to consideration and willingness to negotiate. At such later time, it would be essential for American diplomats to refer to the record which is now being painstakingly compiled.

In diplomatic defense against the American allegations, the Japanese deny discrimination and explain their activities as manifestations of their desire to cooperate in the economic development of China. The revisions of the Chinese customs tariff and the organization of certain promotion companies, like the North China Development Co., and the Central China Development Co., are matters of urgent necessity for the Chinese and have for their object the realization of a New Order in East Asia. Japan welcomes the participation of third Powers in the new situation and explains restrictions on American nationals as military and strategic necessities. Japan considers "any attempt to apply to conditions of today and tomorrow inapplicable ideas and principles of the past neither would contribute toward the establishment of a real peace in Eastern Asia nor solve the immediate issues."

Unofficially, the Japanese have intimated that they would be willing to discuss the Open Door in China along with the Open Door in the rest of the world, with the equality of Oriental races, the freedom of world commerce, the right of unrestricted residence and travel, a fair distribution of world resources, and free access to essential raw materials. In other words, Japan interprets its China program as a last resort, as the sole means of self-preservation in an inhospitable world which has denied to Japan control of a fair share of the essentials of national security and prosperity.

In the meanwhile, public opinion within the United States has favored more positive means of expressing displeasure and indignation against Japan. A voluntary boycott has made it

precarious to stock Japanese goods and discriminating buyers refuse to buy goods marked "Made in China" if they suspect those goods originated in Japanese factories established in China. Many people subscribe to the objectives of the American Committee for Non-Participation in Japanese Aggression which denounces the United States as an accessory to the crime and would stop the direct or indirect export to Japan of all potential war materials.

The American Government has treated with caution the application of economic penalties. On July 26, 1939, it gave the required six months' notice for the termination of its treaty of Commerce and Navigation signed on February 21, 1911. This action paved the way for abandoning "most-favored-nation" treatment for the goods of Japan. It removed legal obstacles to Congressional proposals to blacklist Japanese firms, to embargo the shipment of war essentials to Japan, and to discriminate by differential tariffs against the importation of Japanese products. The Japanese expressed their "shock and surprise" at this initial gesture in doing something concrete about the repeated American protests on behalf of the Open Door, the Kellogg Pact, and the 1907 Hague Convention. Subsequent export restrictions had the effect of pouring salt on the Japanese wounds. Objections to sanctions, or an official boycott, are based on expediency rather than abstract "right." These extreme measures would prompt retaliatory measures, would strengthen the hold of the Japanese military on their own people, would intensify the Japanese campaign, and would afford further excuse for the Japanese militarists to push their objectives to alternative sources of raw materials.

It is doubtful if stoppage of American exports would end the war, because the Japanese have accumulated huge reserves and they have access to other sources of supplies from the Netherlands, the British Empire, Russia or their own allies. Basic food and shelter requirements of the Japanese people would be unaffected and their determination to fight to the

bitter end would in no way be minimized by unilateral American action. International experience with sanctions against Italy demonstrated how completely a concerted program for the achievement of justice degenerates into a soulless spectacle of political opportunism. Furthermore, restrictions against Japan do not strike at the core of the problem, which is the recognition, consideration and adjustment of Japanese claims, but only on the basis of corresponding Japanese obligation to recognize and respect the absolute political sovereignty of China.

It has been impossible to keep bitter personal feelings completely out of official intercourse between Japanese and American officials. Ambassador Honda, in going to his post in Nanking, in 1940 stated that "the United States bluffs because it has neither the confidence nor the power to command respect." He added that "Japan will not budge an inch before the blustering threats of the State Department, those architects of that new imperialism which makes unnecessary enemies." When Foreign Minister Matsuoka told the Japan-American Society that "we are not waging an imperialist war of greed, but we are conducting a moral crusade," Ambassador Grew replied, straight from the horse's mouth again:

> We must consider facts and acts as well as expressed intentions. United States' apprehensions about Japan are based on more than ignorance and sentimentality . . . Let us say of nations as of men, by their fruits shall ye also know them.

Admiral Nomura tried to smooth over the conflicting points of view with an appeal "Keep the lights of peace burning in the Pacific even if they have gone out in Europe." The newspaper *Hochi* grimly praised Nomura's effort, but added that "this last effort for peace is like sending a man on horseback to charge a brick wall,—except that it does keep the Soviet Union from working mischief."

AMERICAN RELATIONS WITH CHINA

Diplomatic issues between the United States and China revolve about American participation in the system of unequal treaties. The United States shares the privileges of all, and has stationed contingents of its army, navy and marine corps in China for the protection of its citizens there. But the United States has developed a traditional friendship for China, in spite of its shabby treatment of Chinese in the United States, through its championship of the Open Door, its remission of Boxer funds, and its interplay of ideas on the part of students and missionaries. At the present time these issues are little more than academic controversies, because the Americans stand ready to equalize Sino-American treaty relations as soon as the circumstances become more propitious for the Chinese.

Positive help to China on the part of the American government has been preferred to a program of negative punitive measures against Japan. A fundamental attitude of sympathy towards China has facilitated the amicable settlement of incidents, such as the bombing of the *President Hoover* and the losses of American lives due to Chinese bombs in the International Settlement. The Chinese have responded quickly to American suggestions to cease fighting and have repeatedly put themselves on record as willing to participate in any international conference for the orderly solution of Far Eastern controversies. Many American individuals want to recognize this sympathy for China in a tangible way. They advocate more financial help to China; more contributions to civilian relief, more moral encouragement, and above all, an individual boycott of all things Japanese and an absolute embargo on the shipment of all supplies to Japan.

The dramatic return of Ambassador Johnson from China to the United States by way of the Burma Road focussed international attention upon the spectacular achievements of the resourceful Chinese. Cautious press releases hinted at his opin-

ion that China is by no means beaten to its knees and that even a modicum of outside support will help the Chinese outlast the invaders in a war of attrition.

The United States, firm in its conviction that a better world order may be predicated upon Chinese victory, has made guarded credit extensions to China. As early as 1931, the Grain Stabilization Corporation made available $9,000,000 for purchases of American wheat, and in 1933 the Reconstruction Finance Corporation offered $50,000,000 (of which $17,000,000 was accepted) for further purchases of wheat and cotton. In 1937 the Import-Export Bank financed the sale of $1,600,000 worth of American locomotives to China. On December 15, 1938 the same lending agency announced a $25,000,000 credit extension to the Universal Trading Corporation, an organization presided over by prominent Chinese, for the stimulation of the sale of American agricultural and manufactured products. On March 7, 1940 the United States announced another $20,000,000 credit, and on September 25, 1940 a further $25,000,000 presumably for tungsten. On the same day that Wang Ching-wei signed his treaties with Japan, November 30, 1940, the United States published three huge financial deals benefiting itself but also adding immeasurable strength to the forces of Chiang Kai-shek. The Treasury Department loaned $50,000,000 for the stabilization of Chinese currency, and the Reconstruction Finance Corporation provided another $50,000,000 for the purposes of the Chinese Government. The R. F. C., with the Import-Export Bank, established a Metals Reserve Corporation, and provided it with an initial $60,000,000 to purchase, as the Chinese could sell and make deliveries, wolframite, antimony and tin. Early in 1941, President Roosevelt sent Mr. Lauchlin Currie, an administrative assistant to the President, and Mr. Emile Despres of the Federal Reserve Board to Chungking to consult with Chiang Kai-shek on the utilization of these and possibly further credits.

In addition, the United States in 1936 entered into a silver purchase agreement with the Chinese Government. Under the terms of the original agreement and its several extensions, the United States has traded gold or foreign exchange for Chinese silver. This has had the effect of easing Chinese installment purchases in this country. All these loans, or extensions of credit, have become additional American interests in China, and have added to the forces making for a more positive policy in that part of the world.

On the other hand, Japanese commercial emissaries to the United States have faced insurmountable political difficulties in their endeavors to purchase American goods on the installment plan. Unfavorable publicity has handicapped their search for loans in spite of the excellent record of previous repayment which they can boast. In view of these circumstances it is understandable why the Japanese Foreign Minister should characterize loans to China as "inopportune and regrettable" and as "dangerous political gestures."

However, the Japanese are unable to do anything about the hardening American attitudes, because of their own unfavorable international position. Russia can renew hostilities at its option on the Siberian border, and the Axis has been shattered as a potential support for the conquests by Japan. Germany has always doubted the possibility of a complete Japanese victory in China and has never counted too heavily upon the military assets of Japan. Germany has looked upon Japan as a military liability, likely at any time to seek German help in extricating itself from the coils of Russia. Mussolini has a meagre stake in Eastern Asia, and he can not ally himself with Japan as long as he bobs around between the Hitler devil and the British deep blue sea.

RELATIONS WITH OTHER POWERS IN EASTERN ASIA

The policy of the United States in relation to third Powers in Eastern Asia is conditioned by the sentiment of isolation

and the determination to remain aloof from the bickering of selfish nations. The United States is disillusioned by the chicanery and double dealing of the democracies as well as the dictatorships. It remembers the collapse of the disarmament conferences and the progressive desertions of international ideals which culminated in the surrender of Munich and the destruction of Poland, and the fall of France. But it is conscious of its position in Eastern Asia, it feels a responsibility for leadership, and it jockeys for international advantage in Eastern Asia with the same gusto which characterizes German jockeying in Central Europe. It remains an incurable optimist, hoping for the dawn of a millennium in international affairs.

The United States feels a kinship with British objectives in Eastern Asia. On September 7, 1940, the United States signed new conciliation pacts with Australia, New Zealand and Canada. The British Empire and the United States are status quo states, advocating changes only by orderly processes, and both feel particularly menaced by the challenge of Japan. Both put their faith in the method of the Open Door, and in the power of a navy second to none. A Japanese slap of an American face resounds in London; a Japanese stripping of a British subject brings indignation in Washington; and a Japanese commercial monopoly brings joint protests from both capitals. The British and the Americans have had their misunderstandings, each accusing the other of evasion in pulling chestnuts out of the fire, but they have followed parallel courses of action. Notes of protest have been similar if not identical, and loans to China have originated from both British and American sources. Both have taken determined positions on the surrender of the concessions. Both nations have opposed bitterly the Japanese advances, and they can be expected to act together against any future Japanese challenge to their vested interests. And if the vagaries of European diplomacy dictate a Japanese-British rapprochement, they will also dictate a readjustment of the issues between Japan

on the one hand, and the United States and France on the other.

The French appreciate the identity of purpose between France and the United States. They discount any idealism in American objectives and estimate realistically the mundane nature of American policy. Still they appreciate the backhanded protection afforded to Indo-China and to their concessions in China itself by the strength of the United States in standing for the status quo. With sympathy, rather than with cynicism, they characterize the American policy as "audacious but timid, naïve and filled with detours necessitated by elements as diverse and contradictory as empiricism and the spirit of orderliness, the appetite for gain and idealism, imperialism and the desire to rely completely on its isolated self."

The United States, while preserving its independence of judgment and action, has signified its willingness to cooperate with organized international efforts for the preservation of the system of collective security. It nominated General McCoy as a member of the Lytton Commission, it echoed the resolutions of the League of Nations against the general bombing of civilian areas and against the illegal procedures of the Japanese in China, and it participated in the discussions of the Far Eastern Advisory Committee. On the basis of its signature of the Nine Power Treaty and the Kellogg-Briand Pact, it played a leading role in the Brussels Conference which met "to examine the situation in the Far East and to study peaceable means to hasten an end of the regrettable conflict which prevails there." The United States stands ready to assume its share in any concerted effort to mediate, by invitation, between China and Japan, or to participate in a new conference of all nations with political, economic or strategic interests in Eastern Asia.

With regard to the future, in the event of a clearcut Japanese victory in China, the United States will have to consider effective opposition to Japan, or continue its policy of verbal

objections without positive action, or shift its emphasis from the necessity of endeavoring to preserve the Open Door. It might even be forced, as a practical expedient, to recognize Japanese demands for a "new order" or "Japanese Monroe Doctrine" in China. It might hope for a strait-jacketed liberal spirit within Japan to overthrow the domination of the militarists and to inaugurate a policy of honest cooperation with China.

In the event of Japanese exhaustion, the United States must be prepared to cope with the exhilaration of the Chinese national spirit. The treaty system will disappear as a straw before the wind, and its passing may leave surprisingly few regrets. Concessions, settlements, troops, extraterritoriality, inland navigation rights and treaty tariffs have served useful purposes in the past, but it may well be that the time will have come when their inconveniences outweigh their advantages. It may prove mutually advantageous to accept and to deal with China as an absolute political equal in the family of nations, and to endeavor to solve on a regular diplomatic basis the problems of protection and promotion of American interests.

In the event of a stalemate between the hostile Powers, the United States has continuing rights and obligations. With Japan, there are the problems of Japan's special position in China resulting from its geographic proximity; of foreign loans to Japan to rehabilitate industries which have been dislocated by the war; and of helping Japan to discover the means to relieve the population pressure which intensifies the problem of national prosperity. Japan too must recognize its obligation toward the corresponding rights of other nations, but it is entitled to exchange a quantity of its goods and services in the markets of the world for a share of the raw materials and manufactured products which others would like to sell to Japan in order to raise the Japanese standard of living.

With China there will be the immediate necessity of physi-

cal reconstruction and providing food and clothing for millions of Chinese pending their return to peace-time activities. There are enormous problems involved in the evolution of nationalism, in the education of the masses for intelligent participation in government, and in the establishment of political control over local areas. As the Chinese revolution reassumes its interrupted progress after the cessation of hostilities against Japan, centripetal forces may operate to destroy the unity which has been achieved in the abnormal presence of a powerful external enemy. China will continue to industrialize, to modernize its economy, and to multiply the unsolved human problems which mechanical civilization creates. China will need architectural and engineering talent, and will attract the idle capital resources of the United States. But if investments are to be made, it will be without the safeguarding clauses which prompted the earlier accusations of imperialism.

If the war in Europe spreads to Eastern Asia, it will not change the nature of the problems involved. It will merely increase the destructive process, magnify the possibilities of famine in China and revolution in Japan, and increase the handicaps to be overcome before the Occident and the Orient can assemble at a common meeting place to effect a more equitable arrangement between the imperialists and the exploited peoples. Any tightening of the grips on the part of Japan, France, Russia, Great Britain or the United States will only postpone the day, and intensify the cost, when the alleged backward peoples will arise against their abusers. Power politics must add to their complications the complete national awakening on the part of the peoples in Eastern Asia.

In spite of its immediate problems with Germany and Japan, the greatest challenge confronting the United States is the establishment of machinery for peaceful change. The United States is wealthy, it is detached, and it has everything to gain by the elimination of war. Collective security will demand sacrifices of national sovereignty, but those sacrifices are

infinitely cheaper than the ravages of war. Political security is essential to the ordered pursuit of economic prosperity. And political security implies more than battleships, fortifications, and methods of government. It demands a decent chance for every individual to earn an acceptable living, whether that individual be Chinese, Japanese, Russian or American.

Japan must be given the confidence that its just grievances will be given due consideration. China must be relieved of the haunting fear that it will again be the victim of foreign aggression. Every nation must live in the conviction that its clashes of interest in Eastern Asia will be solved by orderly processes. Perhaps that is Utopia, or perhaps it is the challenge to vitalize the ideals of President Wilson. Perhaps it demands a higher price than the United States or anyone else is willing to pay. But until these conditions are achieved, there will be no relief from the spectre of war in Eastern Asia.

The treaty system of 1922 made a definite contribution to the peace of the Orient. The United States, China and Japan, and all the Powers have an undeniable national advantage to be derived from the re-creation and implementation of a similar system. And the American Government is performing its task well, if in applying pressure here, extending aid there, and promoting confidence everywhere, it is manoeuvering towards the time when it can expect the solution of controversies to result from diplomatic negotiation rather than from the bloody ordeal of battle.

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Notes on Sources and Suggestions for Further Reading

In preparing these notes and suggestions, the author has two essential purposes. He wishes to show the sources from which his own information has been partially derived, and he hopes to encourage the thoughtful reader to examine and compare the judgments of other writers on the problems of Eastern Asia. There is no desire to list every known book or article on the subjects covered. Rather there is the frank determination to include those works which are useful, *available*, and thought-provoking, and to avoid the average cesspool of erudition.

The Bibliography is divided into two parts: the first, dealing with persons and organizations who study continuing political and economic developments; the second, presenting written documents, periodicals, newspapers, and secondary sources.

The attention of the reader is immediately directed to the Institute of Pacific Relations, 129 East Fifty-second Street, New York City. The Institute has been carrying on a program of research since 1927, and its catalogue of publications includes some of the most reliable studies available. It publishes fortnightly the *Far Eastern Survey*, which keeps abreast of contemporary political and economic developments; quarterly, *Pacific Affairs*, a mine of scholarly specialized articles; and in two or three-year periods, the *Problems of the Pacific*. The volumes of *Problems of the Pacific* contain the proceedings of international conferences on Pacific Affairs, together with accumulations of vital data papers. The Institute has nearly completed a series of studies known as the Inquiry Series. The Series is made up of monographs prepared by outstanding specialists on the problems which will have to be analyzed and adjusted before there can be lasting peace between China, Japan, and other Powers in Eastern Asia. The Institute of Pacific Relations is entitled to unlimited gratitude for its contributions in the various fields of Pacific research.

The Foreign Policy Association, 22 East Thirty-eighth Street, New York City, is less specialized. It issues a weekly information sheet concerning general problems of foreign affairs, and a fortnightly *Report*. On occasions, it offers an extremely readable, vital Headline Book which portrays graphically the elements of the situation involved. Upon written request, the Foreign Policy Association will be glad to send a list of its publications, including those on Eastern Asia.

The Council on Foreign Relations, 45 East Sixty-fifth Street, New York City, publishes a quarterly *Foreign Affairs*, an annual "Political Handbook of the World," and an annual "United States in World Affairs." The Council issues special studies when the moment seems propitious. These publications include the thoughts of the best writers available, and are indispensable for serious students.

The Royal Institute of International Affairs, represented in this country by the Oxford University Press, publishes a fortnightly *Bulletin of International News*, a bimonthly magazine known as *International Affairs* (suspended, 1939), and an annual "Survey of International Relations," accompanied by an annual "Documents on International Affairs." These are mines of information about the Far East.

In addition to these organizations, there are some outstanding individuals whose magazine articles or books are worthy of recognition. These individuals include officials, scholars, authors, journalists, businessmen, missionaries, and radio commentators. Some labor in the classrooms where they never reach the attention of the general public; some put in long hours at the State Department or in official posts abroad; some bury their reports in the files of a huge corporation or a mission board; some are out-and-out propagandists; and others talk or write much more than their information or their dependability would seem to warrant.

Without meaning at all to disparage those scholars who are not mentioned, the author recommends articles or speeches signed or delivered by such men as Professors Blakeslee (Clark University), Colegrove (Northwestern), Hindmarsh (Tufts), McGovern (Harvard), Latourette and Griswold (Yale), Lattimore (Johns Hopkins), MacNair (Chicago), Goodrich (Columbia), Biggerstaff (Cornell), Johnstone (George Washington), Quigley (Minnesota), Clyde and Linebarger (Duke),

Taylor (University of Washington), Fahs (Pomona), Coons (Claremont), Maddox (Pennsylvania), and Steiner (U.C.L.A.). Their researches are not always spectacular enough for public sales, but they can be counted upon as sound and objective.

Among the officials, Secretary Hull and Under Secretary Welles speak with the authority of the President when they discuss American problems across the Pacific. But the men who do the spadework, who accumulate the facts and solve the incidents, are primarily Dr. Stanley K. Hornbeck, and Mr. M. M. Hamilton, the Chief of the Division of Far Eastern Affairs. Neither they, nor the staff which assists them both at home and abroad, step out of character very often to deliver information for public consumption. But if an article is signed by one of them it is worth studying down to the last period. Former officials, including Secretary Stimson, Under Secretary W. R. Castle, Counselor of Embassy Blakeslee, Historical Adviser Tyler Dennett, Chief of Division of Far Eastern Affairs, E. T. Williams and Commercial Attaché Julean Arnold, write all too infrequently on the subjects which they know and understand.

Officials must always be looked upon as propagandists for their own government's position. Their propaganda is never considered harmful if it coincides with the reader's interest, and it is never considered as anything but diabolical if it comes from the reader's enemy. The activities of propagandists during the present crisis have been exposed rather thoroughly by Mr. Bruno Lasker and Miss Agnes Roman in the book "Propaganda from China and Japan" (120 pages; New York: Institute of Pacific Relations, 1938). Japan has its propagandists in local organizations throughout the country, in foreigners and Japanese in the employ of the United States-Japan Cultural Association, the Foreign Affairs Association of Tokyo, the Japan Tourist Association, the Bureau of Japanese Industries, the N.Y.K. Shipping Company, the South Manchurian Railway, and the Embassy itself. The Domei News Agency, the *Tokyo Gazette*, and *Contemporary Japan* are all agencies for circulating the Japanese point of view.

Chinese officials are likewise biased in their presentations. Dr. Hu Shih, Professor Hsü Shi-shu, Mr. C. Y. W. Meng, together with foreign businessmen, advisers, or missionaries fanatically devoted to the cause of China, can hardly be expected to write coldly or without bias. Articles appearing in the *Far Eastern*

Magazine, the *China Fortnightly*, the *China Monthly*, the *China Quarterly*, the *China News Release*, the *Information* sheet of the International Relations Committee of Chungking, *China at War*, the *China Weekly Review*, the *China Information Bulletin* or the pamphlets of the American Information Committee in China must be read with a hypercritical frame of mind.

Businessmen are usually silent about political conditions because their corporations are seldom inquisitive about the international characteristics of their customers. The ranking managers of the National City Bank, the Standard-Vacuum Company, or the Texas Company—to select three at random—keep their fingers on the political pulses of China and Japan. Carl Crow, best known for his "400,000,000 Customers," is one of the very few commercial people who have placed their information at the disposal of the general reader. Some missionaries—Dr. Frank Price, Dr. Walter Judd, and Pearl Buck, for example—have given a clear demonstration that they are equally interested in affairs of this world. It is true that many sincere propagandists for the Gospel have enlivened Sunday evening services with rather weird or distorted tales of the "heathen Chinee," but the modern missionary is as qualified as most writers or journalists to speak about Oriental affairs.

The ranks of the journalists include die-hards, fly-by-nights, and top-notch observers. As examples of the last category, there are W. H. Chamberlin, Edgar Snow, C. Yates McDaniel, A. T. Steele, Tillman Durdin, and Ted White. These men go beyond the limits of Shanghai or Peking, and they make an honest effort to interpret as well as to report the news. Watch the date lines of their dispatches. But they can never write into their cables the risks and the inconveniences to which they expose themselves in order to give us the latest and most interesting angle on the news.

Radio commentators have not been able until recently to present first-hand accounts directly from the Orient. The difference in time between Tokyo and New York makes programs extremely difficult. Peculiarities of atmospheric conditions have offered insurmountable technical difficulties. Both N.B.C. and C.B.S. are sending competent men to the field to do everything humanly possible to give reliable and recent information. The professional commentators seldom give anything more than flimsy or dubious platitudes with regard to Eastern Asia. On the

other hand, the University of Chicago Round Table Discussion, the Foreign Policy Association, and Town Hall of the Air have presented the very best talent available.

Because of limited American access to foreign publications, there is little point in listing many European or Asiatic source materials. Bear in mind that the French, Russians, Italians, Germans, Dutch, Japanese, and Chinese have a host of scholars who present in their native languages intelligent, logical, and suggestive books and articles. The British writer G. B. Sansom is one of the most remarkable living scholars of Japanese culture and history. Professors Hudson and Hughes are worthy members of any fraternity of Orientalists. The British Foreign Office has the benefit of the information and advice of tens of its faithful servants who have spent their lives in the service of His Majesty on the edge of the world. The Frenchmen, Roger Lévy and Etienne Dennery; the German, Karl Haushofer; the nameless Russians in the Asiatic Department of their own Foreign Office; the Dutch university people at Leyden, shippers, bankers and traders at Amsterdam, or the colonial administrators in the Netherlands Indies—all these must be mentioned as an emphatic reminder that we do not have a corner on current thinking about war and diplomacy across the Pacific.

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Private collections of documents are found in separate issues of the International Conciliation Pamphlets, issued by the Carnegie Endowment for International Peace (405 West 117th Street, New York City). The *American Journal of International Law* carries a section on documents. The World Peace Foundation,

Boston, performs a noteworthy service in making possible the annual collection of "Documents on American Foreign Relations" (since January, 1938) by S. Shepard Jones and Denys P. Myers.

Periodical literature can be divided into annuals, quarterlies, monthlies, weeklies, and daily papers. The year books devoted to topics of Eastern Asia are the Japan Year Book, the China Year Book (published in the United States by the University of Chicago Press), the Chinese Year Book (published by the Chinese Foreign Office), and the most recent editions of the Manchurian Year Book. Then there are annual meetings of professional groups, like the Institute of Public Affairs at the University of Virginia or the Institute of World Affairs at Riverside, California, whose published proceedings include papers and commentaries on various phases of topics treating the Orient.

The quarterlies which feature occasional articles about Eastern Asia—in addition to those recorded above—are the *Political Science Review*, the *Annals of the American Academy of Political and Social Science* (the Annals are published bi-monthly since 1890), the *Political Science Quarterly*, and the British *Round Table*. The most useful monthly periodicals are *Asia*, the *Atlantic Monthly*, *Events*, *Fortune*, and *Harper's*. Among the weeklies, *Nation*, *Newsweek*, and *Time* have built tremendous reader-interest. The news-magazines emphasize the "hot" news or the personal interest stories. They do not have the permanent value of the more serious interpretative articles in the monthly or quarterly field.

The *New York Times*, the *Christian Science Monitor*, and the *Chicago Daily News* give the best coverage of foreign news. Any daily which carries the dispatches of the Associated Press, the United Press, the North American Newspaper Alliance, and the International News Service has little to distinguish it from any other daily anywhere in the country so far as news content is concerned. Headlines and editorials are matters of individual taste, but news stories usually emanate from one of the great news-gathering organizations. Dallas, Seattle, and Atlanta have exactly the same leading articles for breakfast.

The final category of the bibliography lists the most useful secondary works on War and Diplomacy in Eastern Asia. General works on world politics, international relations, European diplomacy, or the foreign policy of the United States have not been included unless they have a section or a chapter of specific

merit. It is repeated that these books have been chosen because they are interesting, sound, or deserving of careful study.

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